

**COTTONWOOD HEIGHTS (A CITY), UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2013**



Cottonwood Heights, Utah
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013
With
Independent Auditor's Report

Prepared by

Cottonwood Heights Finance

Steve Fawcett, CGFM, Director of Finance
David Muir, Treasurer/Financial Reporting Manager

**COTTONWOOD HEIGHTS, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

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COTTONWOOD HEIGHTS
INTRODUCTORY SECTION



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Cottonwood Heights
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COTTONWOOD HEIGHTS INTRODUCTORY SECTION



Mayor
Kelvyn Cullimore
City Council
Michael Shelton
Scott Bracken
Mike Peterson
Tee Tyler
City Manager
John Park

December 16, 2013

To the Honorable Mayor, City Council and
Citizens of Cottonwood Heights

Overview

It is our great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Cottonwood Heights (the City) for the year ended June 30, 2013.

Utah State law requires that all local governments publish, within six months of the close of each fiscal year, the complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Cottonwood Heights for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of Cottonwood Heights. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Cottonwood Heights has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Cottonwood Heights' financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh their benefits, Cottonwood Heights' framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects. Larson & Company, PC, a firm of certified public accountants, has audited Cottonwood Heights' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cottonwood Heights for the fiscal year ended June 30, 2013 are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

management, and evaluating the overall financial statement presentation. The independent auditor concluded that based upon the audit, there was a reasonable basis for rendering an unqualified opinion that Cottonwood Heights' financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

State statutes detail the functions performed by municipalities. Cottonwood Heights is a political subdivision of the State of Utah, a municipal corporation and body politic with perpetual existence; unless unincorporated.

Profile of Cottonwood Heights

Cottonwood Heights was incorporated on January 14, 2005 out of the southeastern area of unincorporated Salt Lake County. The 2010 census reported a population of 33,433 residents in Cottonwood Heights which encompasses 8.86 square miles. Known as the ***City between the Canyons*** because it is located at the foot of the Wasatch Mountain Range between Big Cottonwood and Little Cottonwood Canyons. These two canyons are home to Salt Lake Valley's four major ski resorts, Alta, Brighton, Solitude and Snowbird. Each of these ski resorts has an international clientele and reputation.

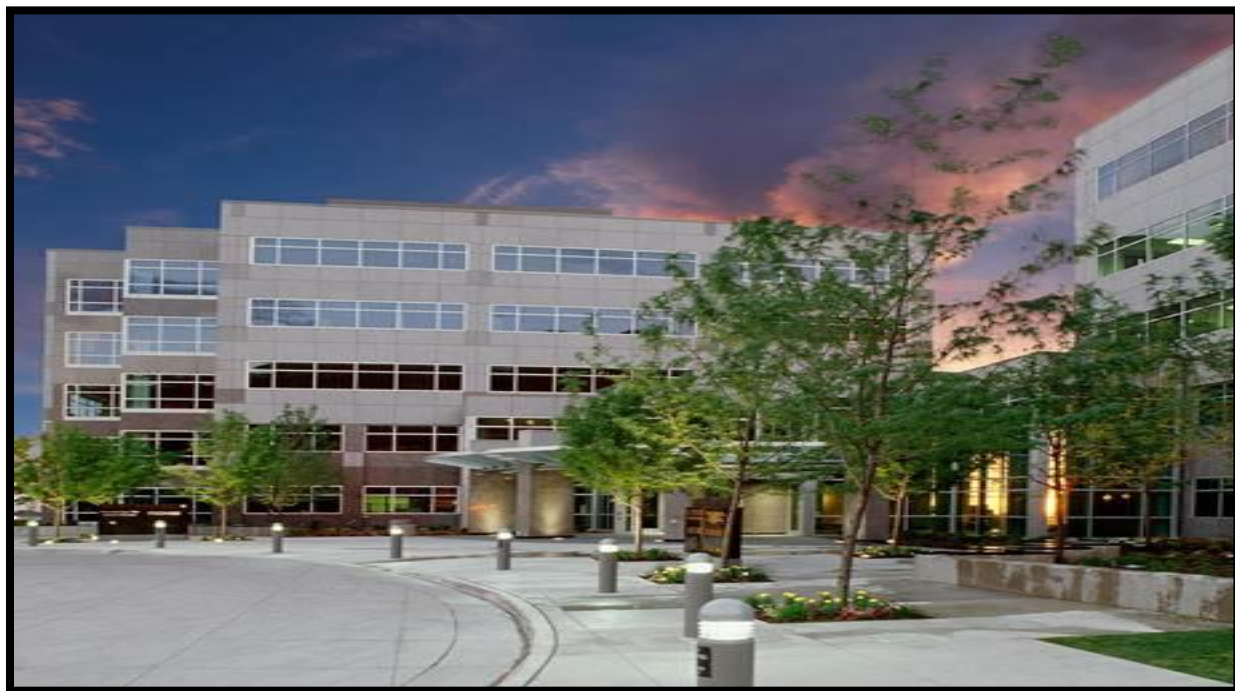


The quality of life for Cottonwood Heights is very high with many cultural and recreational activities available within the city or in near proximity. Cottonwood Heights values highly its reputation as a well-maintained residential and business community. The preservation of quality of life is of utmost importance to residents and business owners. Cottonwood Heights views itself as a city where residents, businesses, and government come together to create an attractive, safe, groomed community and where people are proud to live, learn, work, recreate, and do business. The city is proud of the stunning background and residents place a high value on the natural element of the area; hillsides, streams, natural open spaces and parks. The residents occupy a variety of residential dwellings in harmony with thriving commercial areas. In 2007 Money Magazine selected Cottonwood Heights as one of the 100 best places to live in the United States.

Cottonwood Heights is home to many corporate headquarters. The city offers more Class A office space than any other city in Utah, except Salt Lake City. Office campuses include Union

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

Park, Old Mill Corporate Center, Cottonwood Corporate Center and the Corporate Campus of Regence Blue Cross Blue Shield.



These business parks provide important centers of employment to many Cottonwood Heights residents. As the gateway to the valley's major ski resorts and with easy access to valley wide transportation systems, Cottonwood Heights welcomes many visitors. The City strives to attract businesses that will serve the needs of the residents, promote the attractive image and appearance of the community, support and increase the general income and prosperity of the City, strengthen existing business centers and complement the City's location as the gateway to the canyons.

As the gateway to the valley's major ski resorts and with easy access to valley wide transportation systems, Cottonwood Heights welcomes many visitors. The City strives to attract businesses that will serve the needs of the residents, promote the attractive image and appearance of the community, support and increase the general income and prosperity of the City, strengthen existing business centers and complement the City's location as the gateway to the canyons.

Citizens voted to operate Cottonwood Heights from its inception under the "Council – Manager" form of government. Under this form of government the citizens elect a council member from each of four districts and a Mayor is elected at-large from the entire city. The Mayor and Council select a City Manager who acts as the Chief Executive Officer of the City. Policy-making and legislative authority are vested in the Mayor and Council, execution and administration of policies and ordinances is the responsibility of the City Manager. The Mayor and Council serve part time. The City Manager serves full time.

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

Local economy

Although many may think of Cottonwood Heights as an affluent ‘bedroom community’ of Salt Lake City with businesses and economics limited to those that support commuters and housing, but as mentioned previously, the city actually has the most high rise Class A office space (1,708,458 square feet of space-see table below) in the valley, second only to the capital city of Salt Lake City, which is considerably larger than Cottonwood Heights. Added together with other high rises and office buildings, the city has become one of the most sought after places for small and large business to reside. The corporate offices of Café Rio, Extra Space Storage, JetBlue Airways, Overstock.com and Fusion-IO to name a few are located in the city.

Cottonwood Heights has a notable amount of office space, of varying qualities and sizes. The majority of the office space is concentrated in three office parks in the city: Cottonwood Corporate, Old Mill Corporate Center and the Union Park office complex. These three areas house all of the city’s Class A space and 72 percent of the total office space. The Class B and C office space is dispersed through the city along major transportation corridors including Fort Union Boulevard, 7000 South, Highland Drive and 1300 East.

As of June 30, 2013			
	Class A	Class B	Class C
Total SF	1,708,458	497,065	90,958
% of Total SF	74.4%	21.6%	4.0%
Average Building SF	115,604	17,140	3,790
Number of Properties	14	29	24
Average Vacancy	12.8%	14.7%	2.9%
Average Lease(\$/SF)	\$23.58	\$18.78	\$13.98
Source: City Community and Economic Development department			

Long-term planning

Cottonwood Heights is a community that highly values its well-maintained residential neighborhoods and welcoming feeling. The preservation of quality of life is important to residents and business owners. Cottonwood Heights views itself as a city where residents, visitors, businesses, and government come together to create an attractive and safe community where people are proud to live, work, learn, and recreate.

Cottonwood Heights is largely built-out and therefore much of the future development options would have to occur within currently undeveloped areas, or as infill within the existing fabric of the city. Despite the fact that the city is almost built-out, there are a number of opportunities for the city to develop its own image and see land uses transform over time. Possible options for the future of the city include:

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

Gravel Quarry Area

The privately-owned gravel quarry area along the northeastern city boundary is approximately 150 acres of undeveloped property that will account for over a two million square feet of mixed use development. This area is a gateway to the city from Big Cottonwood Canyon and an area that many visitors would pass through on their way to and from world-class ski resorts in both Big and Little Cottonwood Canyons. Although the quarry operation still has a number of years of production left; the site will be primed for master planning to ensure appropriate development will occur on the property. Potential businesses and land uses appropriate for this area include hotels, restaurants, clubs, coffee shops, art galleries, bookstores, and other retail business.

Fort Union Boulevard Corridor

The Fort Union Boulevard corridor has been identified as a future alignment for Utah Transit Authority enhanced transit options. The Fort Union Boulevard corridor has tremendous potential to transform into a vibrant main street over time. Issues associated with developing this area into a more “main street” type area include large building setbacks; multiple curb cuts and access points; limited pedestrian and bicycle right-of-ways; large power line towers; and inconsistent building, street, lighting, and signage designs.

Major Initiatives

The city obtained from the 2013 State Legislature \$2,050,000 to complete two major street projects. The first is to construct parking near the mouth of Big Cottonwood Canyon on Fort Union Blvd. The other is for some of the major improvements along Bengal Blvd.

The city’s first City Manager Liane Stillman retired in January, 2013. Her experience of being instrumental in the starting two adjoining cities over a period of twenty years provided a great foundation for the start-up of Cottonwood Heights. After a nationwide search, John Park was selected as the City Manager and brings a wealth of experience across many functions of a municipality.

The city volunteered to be a participant in the initial trial of the newly approved 100% VOTE BY MAIL process for the 2013 municipal election. Voter turnout of approximately 40 percent for this election was much higher than other traditional methods used by other entities during this election cycle.

Services Provided

As a local general purpose government, Cottonwood Heights provides a full range of municipal services including police and fire protection, construction and maintenance of streets and other infrastructure, planning and zoning, community and economic development, recreational and cultural activities, justice court, and animal services.

In addition to the services provided directly by city taxes and fees-- **General Government** (legislative, city management, finance, treasurer, city recorder, emergency management, information technology), **Public Safety** (police and ordinance enforcement), **Highways and Public Improvements** (public works), **Community and Economic Development** (planning and zoning, economic development, engineering, business licensing); Cottonwood Heights

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

contracts with several other taxing entities within the Salt Lake County area to provide certain services to our residents and businesses. They are:

- ❖ The Cottonwood Heights Parks and Recreation Service Area was created in June, 1967, and is legally separate and distinct from the City. They operate a recreation center, recreation programs, and several parks within the City, including such amenities as swimming pools, an ice skating rink, a skate park, baseball diamonds, tennis courts, soccer fields, playgrounds, trails and social gathering places.

The City contracts with the service area to provide parks and landscape maintenance for three city parks and sixteen other roadway islands, trails, trailheads and walkways, monument signs, planters, and other small city owned properties. We also partner with them to conduct many city events, such as the Butlerville Days summer celebration.

- ❖ The Salt Lake County Public Works Department is a department within Salt Lake County government. They provide many of the public works operations for the city, under the watchful eye of our own public works director.

The City contracts with Salt Lake County Public Works to provide, through our general services contract, general street maintenance, storm drain maintenance, snow plowing and removal, traffic analysis, roadway sign maintenance, road striping, school zone flashers, street light maintenance, traffic signal maintenance, weed control, emergency barricade placement, and other small projects as requested. They also provide, through our pavement maintenance contract, major street crack sealing, slurry sealing, chip sealing, overlay, etc.

- ❖ The Unified Fire Authority (UFA) is a political subdivision organized under an interlocal agreement in the State of Utah, directed by an eleven member board, made up of elected officials from Salt Lake County and various cities within the Authority. They provide fire-fighting and rescue services, and emergency medical services as well as wild land firefighting and prevention, hazmat, heavy rescue, bomb/arson, and USAR (Utah Task Force One) services throughout Salt Lake County. These services are provided to the City through contract as a member city of the authority.

The City contracts with UFA to provide fire-fighting, rescue, and emergency medical services out of stations 110 (1790 E. Fort Union Blvd.) and 116 (8303 S. Wasatch Blvd.). They also provide all other offered services as the need arises.

- ❖ The Salt Lake City Public Utilities Department is a department within Salt Lake City, (located to the north of Cottonwood Heights) and provides water treatment and distribution services in our area.

The City contracts with Salt Lake City Public Utilities to provide repair and maintenance services on fire hydrants located in the city. Within Cottonwood Heights, fire hydrants are owned by the city and not the UFA or Salt Lake City Public Utilities.

- ❖ The City of Holladay, our neighbors to the north of Cottonwood Heights, operates a justice court.

The City contracts with Holladay to provide traffic and misdemeanor justice court services, prosecutorial services, and indigent defense services as required by law, as well as a small claims court. Justice courts in Utah are not considered courts of record, so as is necessary, the state district court system will also provide services on behalf of the city.

Additionally, Cottonwood Heights contracts with private professional entities to provide certain services to our residents and businesses.

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❖ The City contracts with the law firm of Callister, Nebeker, & McCullough for legal services.

W. Shane Topham, attorney from the firm functions as the City's sworn Attorney.

❖ The City contracts with the engineering firm of Gilson Engineering, Inc. for engineering services in connection with building and other real property development and public works.

Brad Gilson serves as the city engineer. Specifically, the scope of services includes development review, bond calculations and inspection, site inspection, geology, administrative services (correspondence and record keeping for excavating permits, bonding, bond administration, site inspection dispatch, issuance of road cut permits, and other miscellaneous city activities as assigned by the city), transportation, roadway planning and design, drainage planning and design, storm water quality management, and emergencies (cooperate with city's efforts to issue engineering permits on an expedited basis occasioned by disasters such as earthquakes and fires), barricade, material testing, surveying, addressing, reporting, advice and consultation, public meetings, and issues affecting the city's Big Cottonwood Trail.

❖ The City contracts with the engineering firm of Sunrise Engineering, Inc. for building services in connection with building and other real property development.

Jody Hilton serves as the city building official. Specifically, the scope of services includes plan examination, building inspection, building services coordination, issuance of compliance and stop work orders, fire, health department and local utilities coordination. They are a resource to the city and its boards and committees with respect to building services, public meetings, and miscellaneous building services. They are requested to review business license applications for verification that the use is appropriate to the type and construction of the building in which the business is to be located, inspect or investigate reports of unsafe structures believed to be dangerous or a nuisance, help with emergencies (cooperate with city's efforts to issue emergency permits on an expedited basis occasioned by disasters such as earthquakes and fires), and emergency safety inspections of key public facilities within 12 hours after any disaster or other emergency that may have compromised the structural integrity, safety or functionality of any public or other facility needed to provide public shelter, services, utilities or the like.

Services Not Provided

There are several services that are typically provided by cities that Cottonwood Heights does not provide. These services are provided directly to the citizens of Cottonwood Heights by other taxing authorities. They are:

❖ Salt Lake City Public Utilities Department.

They provide water treatment and distribution services to most areas of the city.

❖ Cottonwood Improvement District.

They provide wastewater collection services to most areas of the city.

❖ Jordan Valley Water Conservancy District.

They provide water distribution services to some areas of the city not served by the Salt Lake City Public Utilities Department.

❖ Wasatch Front Waste & Recycling District (Sanitation).

They provide refuse removal services to all areas of the city.

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- ❖ Cottonwood Heights Parks and Recreation Service Area.
They provide a recreation facility, ball fields / park recreational opportunities along with indoor and outdoor swimming pools, etc. to members of the special service area; mostly of Cottonwood Heights' residents.
- ❖ Salt Lake County Library System
They provide full service library facilities.

Relevant financial policies

The goal the City hopes to achieve through the implementation of these policies is to demonstrate to citizens and other interested parties that the City takes seriously the responsibility to carefully account for public funds, to wisely manage finances and to plan adequate funding of services desired by our citizens. The watchwords of our financial management include integrity, prudence, stewardship, planning, accountability, and full disclosure.

Operating Budget Policies

- The budget for each governmental fund will be balanced, which means appropriations will not exceed estimated expendable revenue, exclusive of one-time expenditures or capital improvement transfers.
- The City will cover current expenditures with current revenues. The City will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures.
- The budget will provide for adequate maintenance of capital facilities and for the orderly replacement of equipment.
- The City will maintain a checks and balances system of verifying budget balances prior to making spending commitments.
- The City will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
- Where possible the City will integrate performance measurement and productivity indicators within the budget.

Capital Projects Budget Policies

- The City will develop and administer a five year plan for capital projects and informally update it annually or track compliance to plan annually.
- The City will enact an annual capital budget calculated to meet the multi-year Capital Improvement Plan.
- The City will coordinate development of the capital project budget with the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budgets.
- The City will prioritize maintenance of all assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- The estimated cost and potential funding sources for each capital project proposal will be identified before it is submitted to the Mayor and City Council for approval.

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

- The City will identify the least costly financing method for all new capital projects, within the requirements of any outside funding sources, if applicable.

Debt Management Policies

- The City will confine long-term borrowing to capital projects and purchases of equipment.
- When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the asset acquired.
- The City will not use long-term debt for current operations.
- The City will meet all debt service obligations when due.
- The City will retire any tax and revenue anticipation debt annually.

Revenue Estimation Policies

- The City budget official will estimate annual revenues by an objective, analytical process.
- The City will not include revenue in the budget that cannot be verified with documentation of its source and amount.

Fund Balance Policy

- In order to maintain and protect the long term financial capacity of the City, total fund balance in the General Fund will be maintained to achieve a balance of 6 percent of total General Fund expenditures.

Accounting, Auditing, and Financial Reporting Policies

- The accounting system will report financial information on a basis consistent with Generally Accepted Accounting Principles.
- Regular monthly and annual financial reports will present a summary of financial activity to the City Council and citizens.
- The City will contract with an independent certified public accounting firm to perform an annual audit; and will publicly issue their opinion on the City's financial statements, after preliminary presentation to the City Audit Committee.

During the current year the City is in compliance with all of its financial policies.

Awards and acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to an entity for its Comprehensive Annual Financial Report (CAFR) for a fiscal year period. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

This is the second year the City will complete and submit the CAFR to the GFOA to determine its eligibility for the Certificate of Achievement for Excellence in Financial Reporting. The FY2012 CAFR was the first year the city was a recipient of this award. The award was

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

presented to David Muir, City Treasurer/Financial Reporting Manager recognizing him as being primarily responsible for preparing an award-winning CAFR. It is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting requirements.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cottonwood Heights for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

For the seventh consecutive year, Cottonwood Heights received the *Distinguished Budget Presentation Award* from the Government Finance Officers Association and Steve Fawcett received the *Certificate of Recognition for Budget Preparation* for the third consecutive year. In order to receive this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the accounting and financial reporting expertise and dedicated service of David Muir, City Treasurer and Financial Reporting Manager of the Finance Department. We appreciate Larson & Company, PC, Certified Public Accountants, for the assistance and guidance they have given us. We also thank the members of the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.



Steve Fawcett
Finance Director



John Park
City Manager.

**FY2012-13
Organization Chart
City of Cottonwood Heights**





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
Cottonwood Heights, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cottonwood Heights (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cottonwood Heights, as of June 30, 2013, and the respective changes in financial position, the budgetary comparison for the general fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Member of
CPA AMERICA
INTERNATIONAL
Crowe Horwath International

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14–30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cottonwood Heights' basic financial statements. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah
December 16, 2013

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

As management of Cottonwood Heights (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. It is also intended to assist the reader in focusing on significant financial issues. These include identifying changes in the City's financial position (its ability to address the next and subsequent year's challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the City's financial statements. The term "Net Position" has recently replaced the term of "Net Assets" as directed by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of 2013 by \$54.3 million. Of this amount, unrestricted net position of \$7.0 million may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$555,000 from the prior year's unrestricted net position.
- In fiscal year 2013, the City's total net position from governmental activities decreased by \$2,229,825 to \$54,363,408. Total assets decreased by \$2,743,398, and liabilities decreased by \$513,575 resulting in the net asset decrease of \$2,229,825. The primary cause of the decline in asset value is annual depreciation of \$3,331,169 (see Note 3D)
- Total net position consists of:
 1. \$47,215,683 in capital assets, such as streets, bridges, land, buildings and other infrastructure, net of related debt,
 2. Unrestricted Fund Balance of \$7,047,623. "Unrestricted Funds" is a term that designates the amount of money available for the City Council to spend for future needs. The City Council has indicated their intent for assigning part of this Fund Balance for City Center/Park use.
 3. Restricted Funds of \$68,799 in Class "C" Road Funds,
 4. Impact Fees of \$9,169.
 5. Nonspendable funds of \$22,134 that represents prepaid expenditures for the subsequent fiscal year.
- The City's only debt is a capital lease used to finance the public safety fleet. This financing also provides for a guaranteed buy-back of the fleet by the vendor every other year, which occurred this year. See page 19 for additional information about the City's capital vehicle lease program.
- The City's fund balances of \$7,147,725 as shown on the balance sheet of Governmental Funds include \$2,676,277 of fund balance in the General Fund and \$4,471,448 in the Capital Projects Fund. Of those balances, \$2,585,344 of the General Fund and \$4,471,448 of the Capital Projects Fund are classified as unrestricted totaling \$7.0 million and may be appropriated for any future expenditure. See page 24 for complete fund balance analysis
- The General Fund balance decreased by \$70,149, or 2.70 percent of the prior year's fund balance. The Capital Projects Fund increased by \$559,476 from last year's ending balance due to project under spending of budgeted projects and transfers of fund balance from the general fund totaling \$1,485,423.

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City benefits from both Operating Grants and Capital Grants. As a total of the 2013 budget, grants accounted for 10.2 percent of the total expenditures. Operating grants are expected to continue from year to year and totaled \$1,611,019 in FY 2013, while capital grants are typically associated with one-time projects and totaled \$231,783 in FY 2013. Summary of grant revenues received by the City are summarized on the Statement of Activities (see page 33).

OPERATIONAL HIGHLIGHTS

- The City's first City Manager, Liane Stillman, retired and a new City Manager, John Park was hired and began service January 1.
- Completed and submitted to the Government Finance Officers Association (GFOA) for review the City's first Comprehensive Annual Financial Report (CAFR).
- Completed the City's first Popular Annual Financial Report (PAFR).
- The City volunteered to be Salt Lake County Clerks' "test case" for the newly approved VOTE BY MAIL process for the 2013 municipal election and had over a 40% voter turnout for the municipal election.
- Obtained \$1,314,310 in federal, state and local grants.
- Obtained \$2,050,000 state appropriation to complete parking improvements at the mouth of Big Cottonwood Canyon/Fort Union Blvd. and Wasatch Blvd. and improvements on Bengal Blvd.
- The City Police department in its fifth year continues to have a highly skilled and trained investigative division that has reported successfully clearing 90 percent of all aggravated felony crimes occurring within the city and as a department has a response time on priority one calls of less than four minutes.
- In addition to numerous street and sidewalk improvement projects, the City completed 2,238,420 square feet of road improvement projects, including asphalt overlays, "reclamite" applications, chip seals and slurry seal treatments. Additionally, the City addressed several traffic calming initiatives in traffic impacted neighborhoods. Further the City eliminated trip hazards, replaced concrete curbs, gutters and sidewalks with citizen participation, installed ADA ramps, and completed many cross gutter improvements.
- Located and mapped 39,776 linear feet of storm drains, plotted the following: 727 catch basins, 555 clean out boxes, 67 "combo" boxes, 5 oil-water separators and 19 discharge points, and completed eighteen storm water inspections.
- Completed phase II of the 2300 E. Storm Drain project, and completed storm drain improvements along 3000 E. (Heughs Canyon Line)
- Completed the East Jordan Canal piping project. The City has continued to promote successful community events enjoyed by residents of the city, including Butlerville Days, Easter Egg Hunt and various events in conjunction with the Cottonwood Heights Parks and Recreation Service Area Recreation Center, such as Bark in the Park and Movies in the Park.
- During this fiscal year, the City produced "The Music Man"; the community's third theatre production. Arts grant revenues and ticket sales completely paid for

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

production costs, thereby providing the arts council with funding for other arts events such as “Write for the Heights”, “Winter Song Fest”, and photography contest.

- Five members of the Cottonwood Heights Youth City Council were awarded a trip to Washington D.C. by Senator Mike Lee’s office for winning the Utah League of Cities and Towns annual conference “Constitution Bowl” competition.
- The City has maintained its news journal publication presence in the Cottonwood/Holladay Journal to improve communications with the citizens of the city, along with development of other social media including Twitter & Facebook.
- Created a business development program, economic development banner program, business outreach program, business spotlight program, and streamlined the business licensing process.
- Police Chief Robby Russo was selected, in 2013, by the Utah Chiefs of Police Association as the Police Chief of the Year.
- The Department of Public Safety awarded to the Cottonwood Heights Police Department the annual Commissioner’s Award for excellence in Highway Safety for 2013.
- The Utah Recreation and Parks Association (URPA) awarded their 2013 Outstanding Manager Award to Council Member Mike Peterson, who is the Director of the Cottonwood Heights Parks and Recreation Special Service Area.
- The Utah Recreation and Parks Association (URPA) awarded their 2013 Outstanding Facility Award to the city for Mountview Park, which they described as “fantastic” and “besides multi-use features, it brings about a sense of community”.
- The International Pavement Management Association identified our city for being in the top 3% of cities across the country based on aggressive management techniques to save millions of dollars in road maintenance over a period of time.
- David Muir, City Treasurer and Financial Reporting Manager, was recognized by the Utah Government Finance Officers Association (UGFOA) for his six year term as a Board Member.
- Recipient for six consecutive years of the Distinguished Budget Presentation Award from the Government Finance Officers Association for excellence in budgeting. This award is the highest form of recognition in governmental budgeting.
- Recipient of the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012. This certificate is the highest form of recognition in governmental accounting and financial reporting for completion of the comprehensive annual financial report. This was the first year the City compiled a CAFR and submitted it for examination.
- Recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2012. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Cottonwood Heights' basic financial statements which consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) supplementary information.

Government-wide financial statements (defined)

The government-wide financial statements are designed to provide readers with a broad overview of Cottonwood Heights' finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of Cottonwood Heights' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cottonwood Heights is improving or deteriorating. However, the reader will also need to consider other non-financial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of Cottonwood Heights that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). **Cottonwood Heights currently has no business-type activities.**

Fund financial statements (defined)

A statement of revenue, expenditures and changes in fund balance by fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Cottonwood Heights also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of a city are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Cottonwood Heights currently has two major governmental funds (as determined by generally accepted accounting principles), the General Fund and the Capital Projects Fund. The City also has one proprietary fund, the Employee Benefit Fund (an internal service fund). ***Cottonwood Heights currently has no Fiduciary Funds.***

- ***Governmental funds*** – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for future appropriation. These funds are

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

reported using a modified accrual accounting method, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.

- ***Proprietary funds*** – Cottonwood Heights maintains one proprietary fund, the Employee Benefit Fund (an internal service fund). This fund is an accounting device used to accumulate funding for and allocate costs for accrued paid time off (PTO) among the City's various functions. This fund provides the resources needed to pay out accrued vested PTO benefits without negatively impacting budgets in the year a payout occurs.

Notes to the financial statements

The notes provide additional information that is essential to an understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-60 of this report.

CITY'S GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Cottonwood Heights, assets exceeded liabilities by \$7.0 million at the close of fiscal year ended June 30, 2013.

Cottonwood Heights was incorporated on January 14, 2005 and completed eight and one half fiscal years of activity on June 30, 2013. The last eight years are the only 12 month periods with which to compare the current financial position and results of activities.

The table below provides a comparison of the City's net position for each of the last eight years. As of June 30, 2013, assets exceed liabilities by \$54,363,409. This represents a decrease of \$2,229,824 in total net position when compared to the City's net position on June 30, 2012.

Total assets decreased by \$2,743,398. This decrease reflects approximately \$437,660 lower current and other assets, combined with a \$2,305,738 net decrease in capital assets. Total liabilities decreased by \$513,575.

**COTTONWOOD HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Cottonwood Heights
Net Position
As of June 30th**

	Governmental Activities							
	2013	2012	2011	2010	2009	2008	2007	2006
Current and other assets	8,815,212	9,252,872	10,733,280	10,894,775	11,515,031	12,125,491	11,592,480	7,925,989
Capital assets	48,358,186	50,663,924	50,381,615	45,496,093	46,658,405	45,776,089	45,037,315	45,516,630
Total assets	57,173,398	59,916,796	61,114,895	56,390,868	58,173,436	57,901,580	56,629,795	53,442,618
Long-term liabilities outstanding	1,458,533	978,426	1,208,919	857,600	977,413	46,769	2,280,164	2,410,976
Other liabilities	689,061	1,475,503	870,373	1,275,276	1,500,322	1,786,048	2,053,933	708,547
Total liabilities	2,147,594	2,453,929	2,079,292	2,132,876	2,477,735	1,832,817	4,334,097	3,119,523
Deferred uncollected property taxes	173,500	383,534	362,991	293,982				
Deferred property tax revenue	488,895	486,101	421,674	419,856				
Total deferred inflows of resources	662,395	869,635	784,665	713,838				
Net position								
Invested in capital assets, net of related debt	47,215,683	49,934,834	49,425,939	44,831,195	45,831,420	45,776,089	45,027,267	45,496,011
Restricted	100,102	165,949	101,949	203,271	222,737	223,950	253,555	183,275
Unrestricted	7,047,623	6,492,450	8,723,050	8,996,464	9,641,544	10,068,724	7,014,876	4,643,809
Total net position	54,363,409	56,593,233	58,250,938	54,030,930	55,695,701	56,068,763	52,295,698	50,323,095

The largest portion of Cottonwood Heights' net assets, \$47,215,683, reflects investment in capital assets (e.g., land, roads and infrastructure assets) net of related debt (if any). The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

As of the date of this report, the City has only one capital lease for the purchase of police vehicles with a current principal amount due of \$1,142,503. Cottonwood Heights regularly deploys public safety vehicles with a two year lease, which includes a guaranteed buy back with the original dealership. Each two years there is an original down payment and one additional payment in one year. At the end of the two year lease purchase, the dealer re-purchases the vehicles for a previously agreed amount, usually clearing the remaining balance in full. Other than this capital vehicle lease purchase obligation and the Proprietary Fund accrual for earned Personal Time Off, the City has no other long term debt. This year the City paid \$315,497 as a down payment for the new lease. Further details about the City's long-term debt can be found in the Notes to the Financial Statements, note 3F on page 56.

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the net capital assets mentioned above, the City has nonspendable, restricted and unrestricted assets. The City's nonspendable assets include prepaid expenditures \$22,134 made in fiscal year 2013 for the benefit of fiscal year 2014. The restricted assets are related to unexpended Class C road funds totaling \$68,799 which must be expended as required by law in maintaining roads and sidewalk infrastructure and Impact fees of \$9,169 that are collected for storm drain and traffic improvements. The remaining balance is unrestricted net assets totaling \$7,047,623 and may be used to meet the city's ongoing obligations and objectives by fund type. The City's government-wide financial statements can be found on pages 32-33 of this report.

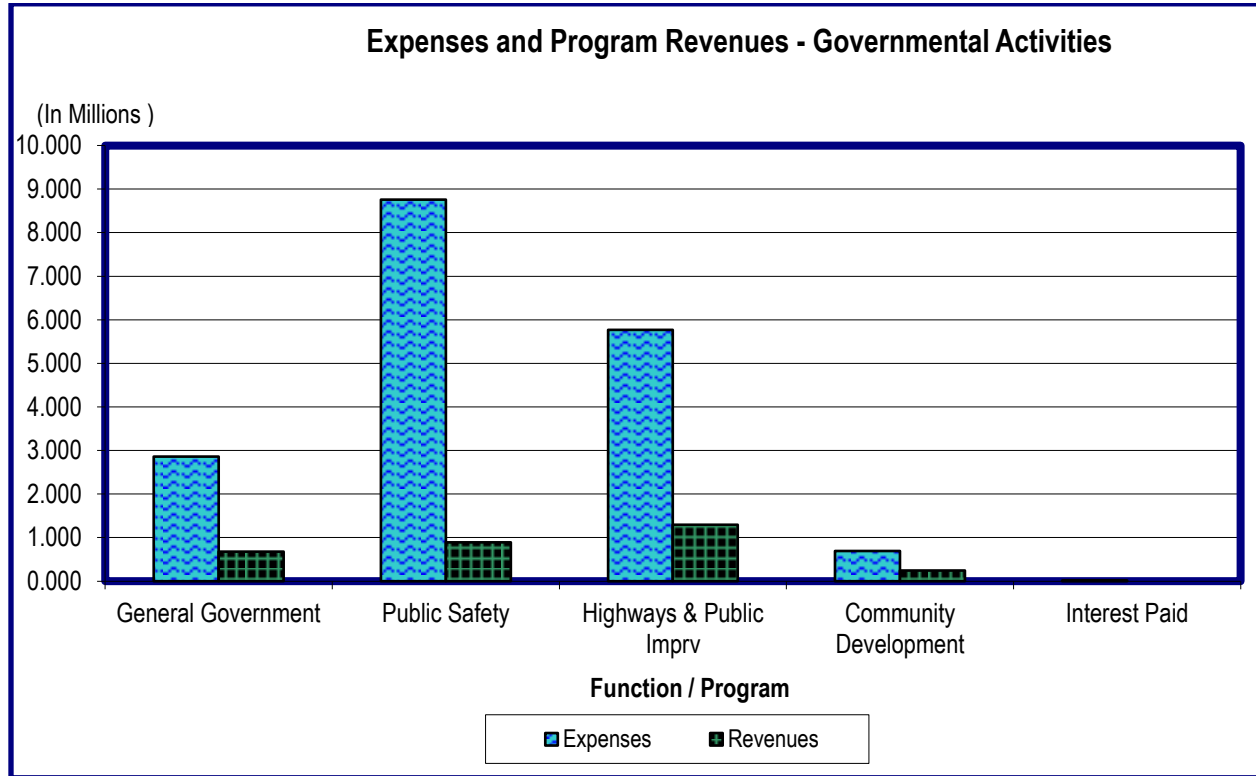
Governmental activities analysis

As reported above, governmental activities decreased the City's net assets by \$2,229,824 resulting in total net assets of \$54,363,409. The table below provides a yearly comparative analysis of revenues and summary departmental expenditures for all governmental activities and the net change in position.

Cottonwood Heights Changes in Net Position								
	Governmental Activities							
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Revenues:								
Program revenues:								
Charges for services	1,276,583	1,178,211	1,303,792	1,139,154	906,778	1,008,286	933,977	962,497
Operating grants/contrib	1,611,020	1,504,103	1,638,949	1,500,970	1,465,430	1,475,184	1,362,266	1,289,841
Capital grants/contrib	231,783	25,185	312,815	565,786	1,025,779	941,105	33,579	2,532,080
Total program revenues	3,119,386	2,707,499	3,255,556	3,205,911	3,397,987	3,424,575	2,329,822	4,784,418
General revenues:								
Property taxes	7,345,159	6,994,192	6,926,106	6,812,942	6,914,705	6,980,872	6,935,453	2,858,039
Sales & hotel taxes	5,030,007	4,749,551	4,558,144	4,634,999	4,847,677	5,414,341	5,567,486	4,748,086
Other taxes		43,515	46,230	35,236	33,563	39,738	29,926	23,601
Franchise taxes	296,450	278,444	267,999	256,667	250,660	235,671	214,766	187,077
Unrestricted invest earn	36,859	53,935	46,773	59,298	187,488	515,432	456,134	233,637
Other - Intergov	-	-	4,481,899	-	-	1,500	6,248	500,000
Other - Loss on sale of assets	-	(91,970)	(41,942)	-	-	(736)	-	-
Other - Miscellaneous	55,735	41,145	(440,952)	29,816	53,944	4,589	7,503	405
Total general revenues	12,764,210	12,068,812	15,844,257	11,828,959	12,288,036	13,191,407	13,217,517	8,550,846
Total revenues	15,883,597	14,776,311	19,099,813	15,034,869	15,686,023	16,615,982	15,547,339	13,335,264
Expenses:								
General government	2,863,918	2,699,564	2,084,427	2,331,589	2,140,589	1,972,270	3,421,036	1,328,701
Public safety	8,760,565	8,360,970	7,685,600	8,073,608	8,015,001	6,780,298	6,339,016	5,730,383
Highways-public imprv	5,773,855	4,728,329	4,485,274	5,707,937	5,309,932	3,469,794	3,197,851	3,309,743
Comm & econ dev	695,759	626,956	602,502	524,665	566,802	620,300	616,335	821,760
Interest long-term debt	19,324	18,197	22,003	26,840	26,761	254	498	47,805
Intergovernmental Expenditure	-	-	-	35,000.00	-	-	-	-
Total expenses	18,113,421	16,434,017	14,879,806	16,699,639	16,059,085	12,842,916	13,574,736	11,238,391
Change in net position	(2,229,824)	(1,657,706)	4,220,007	(1,664,770)	(373,062)	3,773,066	1,972,603	2,096,873
Net position - beginning	56,593,233	58,250,938	54,030,930	55,695,701	56,068,763	52,295,698	50,323,095	48,226,222
Net position - ending	54,363,409	56,593,233	58,250,938	54,030,930	55,695,701	56,068,763	52,295,698	50,323,095

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a graphic presentation of the City's program revenues and corresponding expenditures, including calculated annual depreciation on capital assets. (Note: See Statement of Activities on page 33 for detail data.)



General Government – The General Government revenue is from charges for services (business licensing and permits & inspections). Expenditures are for general governmental operations and overhead.

Public Safety – Public Safety revenues include \$321,556 of E-911 Emergency telephone fees and \$528,676 City share of court fines (revenue from citations). Expenses are for Police, Fire, Animal Services and related public safety functions. (Note: Related Court expenditures are \$313,785, netting only \$214,891 in revenues, which is equal to only 4.3 percent of the Police budget.)

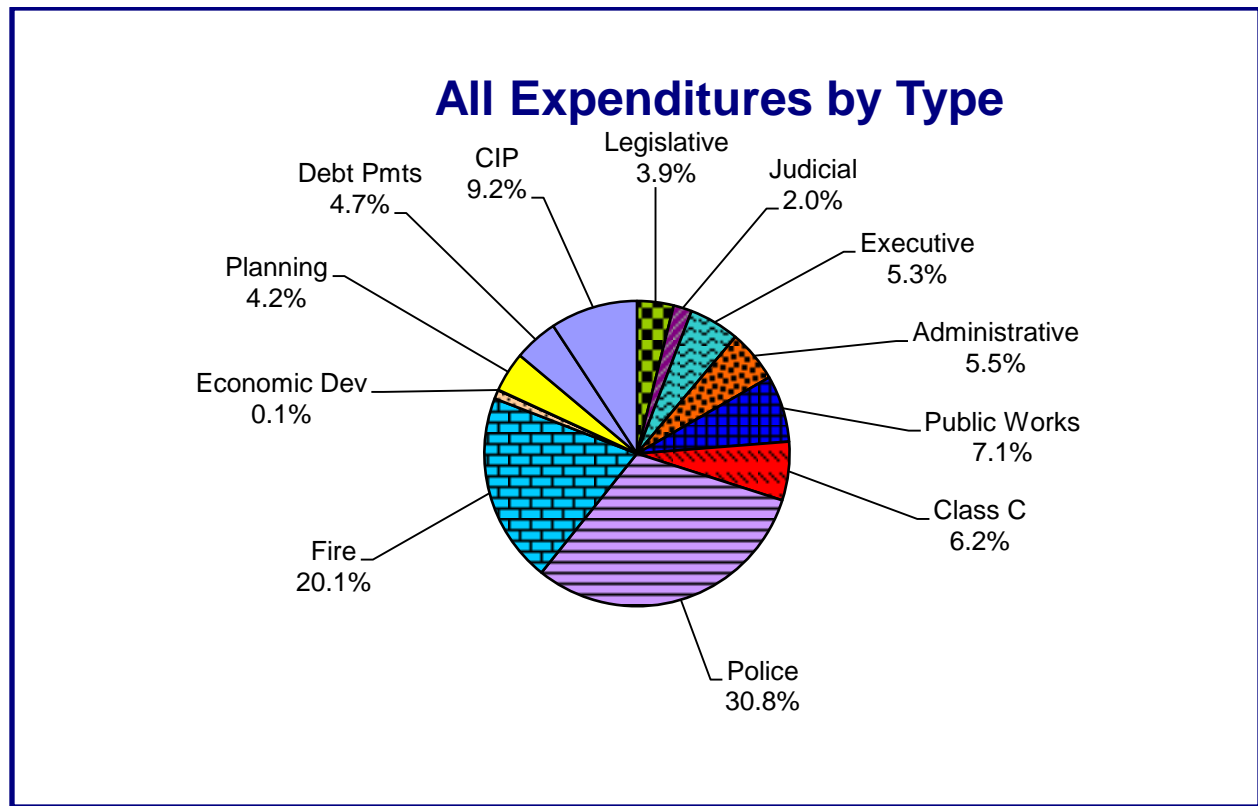
Highway & Public Improvements - Approximately 48.4 percent of the expenses shown for Highways & Public Improvements is attributable to current period depreciation of the City's infrastructure assets. The balance is for road, sidewalk, bridge and other infrastructure improvements. The revenue for Highway & Public Improvements is primarily from Class C Road Funds allocated to the City from the state assessed tax on gasoline sales.

Community Development – Revenues come from additional charges for services related to planning and zoning functions and expenditures are also directly related to these services.

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

Interest Paid - \$19,324 interest expense on capital leases was paid or accrued, but does not show on the graph due to scaling.

The following pie chart further details Cottonwood Heights' expenditures at a more detailed activity level. This chart does not include annual depreciation on capital assets. (See Governmental Funds statement on page 36 for expenditures without depreciation.)



General Government - includes the activities of Legislative (\$623,077), Judicial (\$313,785), Executive (\$856,289) and Administrative (\$887,758).

Public Safety - includes the activities of Police (\$4,950,898), Fire (\$3,232,349) and Ordinance Enforcement (\$148,787).

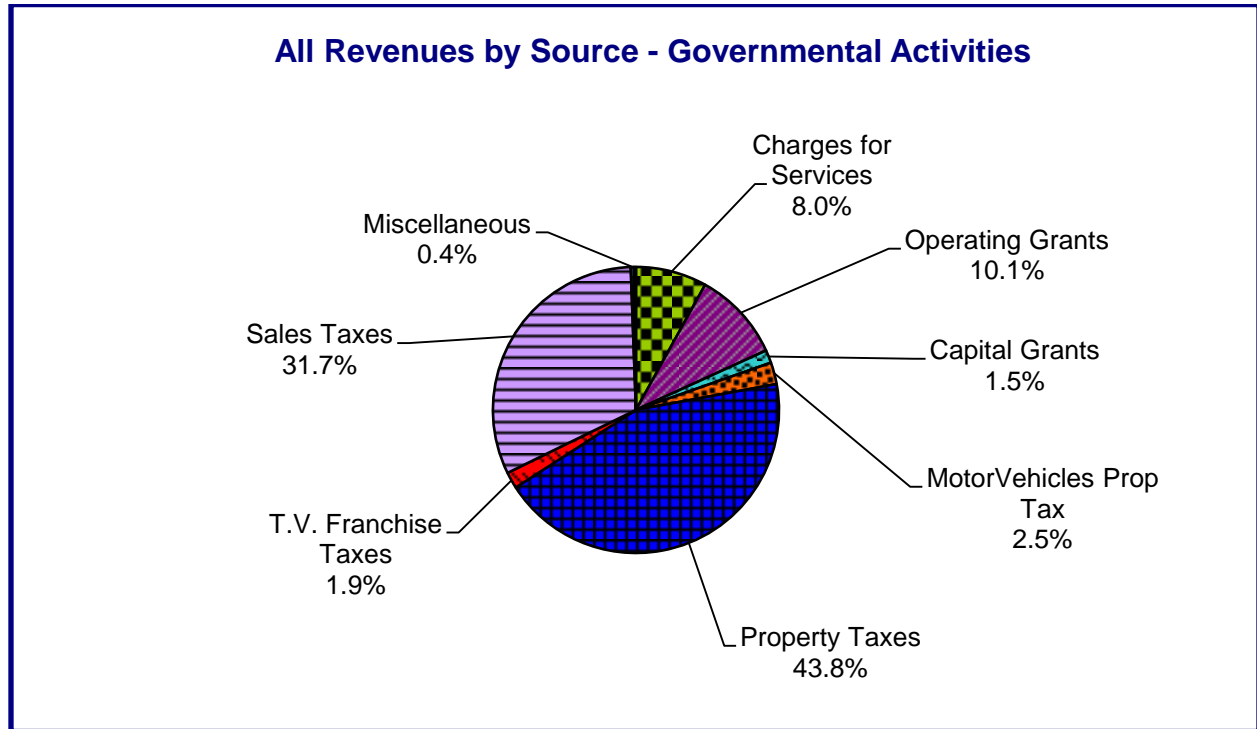
Highways and Public Improvements – includes the activities of Public Works (\$1,135,319) and Class C Roads (\$997,300).

Community and Economic Development - includes the activities of Economic Development (\$9,000) and Planning (\$681,193).

Capital Projects Fund - includes all Capital Improvement Projects (\$1,179,489).

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

As can be seen from this pie chart, the majority of funding for City programs does not come from program revenues, but is made up from allocated general revenues such as Property Tax and Sales Tax revenues. Below is a graphic of all revenue sources collected by the City during the fiscal 2013 year.



Current year revenue sources were from:

\$7,345,159	Property Tax (including motor vehicle fees) revenues (43.2%),
\$5,030,007	Sales and Transient Room Taxes (29.5%),
\$ 296,450	Cable TV Franchise tax (1.9%),
\$1,611,020	Operational Grants (10.1%) (Class C road funds, E911 Emergency telephone fee, State Liquor tax and CDBG funds) (Note: These operational grants have remained relatively constant year to year and represent identifiable sources of revenue that are anticipated to continue to be available for the foreseeable future.
\$1,276,583	Charges for Service (Licenses, Permits and Court fines) (8.0%).
\$ 231,783	Capital Grants for trail & park improvements and additional Impact Fees (1.5%) These grants are specific and awarded based on merit of applications submitted. These grants are project specific and have little effect on the basic operational functions of the City.
\$ 36,859	Investment interest earnings and miscellaneous (0.2%)
\$ 55,735	Miscellaneous Revenues (0.4%)

COTTONWOOD HEIGHTS
MANAGEMENT DISCUSSION AND ANALYSIS

CITY'S FUND FINANCIAL STATEMENTS ANALYSIS

As noted earlier, Cottonwood Heights uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to track and control financial resources received and expended.

Governmental Funds Analysis

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for appropriation at the end of the fiscal year.

Governmental fund balance is reported in three major categories resulting in five separate direct categories: Nonspendable, Restricted, Unrestricted (which can be shown as Committed, Assigned and Unassigned). Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable, inventory and prepaid expenditures. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council by formal action for a specific purpose prior to the end of the fiscal year being reported. Assigned fund balance includes amounts that have been set aside for intended use by designated officials, governmental body or City Council without formal action. Unassigned fund balance includes all remaining amounts.

At the end of this fiscal year, Cottonwood Heights' governmental funds reported combined ending fund balances of \$7,147,725 after eight and one half years of operation, an increase of \$489,327 from the prior year. The increase is primarily attributable to stronger revenues in sales taxes and fewer capital project expenditures. Of the total balance, \$22,134 is nonspendable and represents prepaid expenditures for fiscal year 2014 events. \$68,799 is restricted Class C road funds. \$9,169 is restricted Impact Fees. The remaining \$7,047,623 is unrestricted funds: \$4,462,279 is assigned as Capital Project funds and allocated to various specific projects, and \$899,412 is assigned as a minimum 6 percent fund balance reserve requirement set by the City Council. The remaining unrestricted balance of \$1,685,932 constitutes unassigned fund balance.

- The **General Fund** is the chief operating fund of the City. As of June 30, 2013 the General Fund had a fund balance of \$2,676,277 of which \$22,134 is nonspendable, \$68,799 is restricted, \$899,412 is assigned and \$1,685,932 was classified as unrestricted. A useful measure of liquidity is to compare the unrestricted fund balance and the total fund balance to expenditures (including operating transfers out) for the year. The unrestricted fund balance is 16.0 percent of total expenditures and transfers, while the total fund balance equals 16.6 percent. The City ordinance chapter 2.150.11 as adopted by the City Council requires a desired target minimum fund balance of 6.0 percent. State law requires a 5 percent minimum balance for restricted use as required by state statute. State law also requires appropriation of any fund balance in excess of the 25.0 percent maximum allowed. Currently, the calculated 6.0 percent minimum fund balance is \$899,412 (assigned, but unrestricted). The current remaining unrestricted balance of

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

\$1,685,932 meets the State requirement of a maximum fund balance no greater than 25.0 percent.

- The other governmental fund is the **Capital Projects Fund**. This fund is specifically used to budget capital improvements. As of June 30, 2013, the fund had an unrestricted fund balance of \$4,462,279. This was an increase of \$550,307 from the prior year-end. For specific details see supplementary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund on page 62.

The City's basic governmental funds financial statements can be found on pages 34-38 of this report.

Proprietary Funds Analysis

The focus of the City's only proprietary fund, **Employee Benefit Fund (an internal service fund)**, is to accumulate funds to pay employees for unused, but accrued paid time off (PTO) at the time of separation. This fund is designed to minimize or altogether eliminate any budgetary impact in a subsequent year when a payout is required. At the end of each fiscal year, a liability estimate is made based on individual accruals and current wage rate of each employee. The total liability is then compared with the current liability balance in the Employee Benefit Fund (an internal service fund) and any additional liability is charged to the current year's expenditures in the governmental funds.

The City's basic proprietary fund financial statements can be found on pages 39-41 of this report.

GENERAL FUND 2013 BUDGET HIGHLIGHTS

During the year the original budget was amended to increase expenditures and other uses in the General Fund by \$2,146,216. Amended departmental budgeted expenditures were modified for a net increase in spending of \$1,369,179, and the budgeted transfer from the General Fund to Capital Projects was increased \$777,037 - resulting in the \$2,146,216 overall increase in budgeted expenditures. Net increased revenue collections and capital lease funds as noted below provided for the off-set for the increased budgeted expenditures and a small increase to fund balance.

As the fiscal year 2012 ending fund balances were calculated, they were made available for the 2013 fiscal year General Fund budget, which was then amended to capture the higher beginning fund balances from the completed fiscal year 2012 financial statements, including Class C Roads fund balance of \$112,353 and unrestricted beginning balance appropriated funds of \$1,490,585 resulting in a total amendment of the beginning fund balance of \$1,602,938. The final fiscal year 2013 budget, as amended, anticipated spending \$543,278 of available fund balances.

The changes in the fiscal year 2013 budget in individual departmental appropriations occurred as revenue projections were refined and additional matching departmental expenditures were refined to fulfill operational goals. In addition, the new Public Safety Vehicle capital lease

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

would also provide additional revenues and expenditure. The chart below outlines both revenue and expenditure changes made during the fiscal year.

Revenue and Other Sources of Funds were amended for the following:

Increase Property Taxes estimate	\$ 127,025
Increase General Sales Taxes estimate	450,000
Increase Emergency Services Telephone (E911) estimate	20,000
Decrease Motor Vehicle Fee-In-Lieu of Taxes estimate	(5,000)
Increase Franchise Taxes estimate	31,000
Increase Licenses and Permits estimate	111,500
Decrease Federal/State/Local Grants and Donations estimate	31,979
Increase Sponsorships, Ticket/Concession/Surplus Property Sales estimate	34,373
Decrease Class C Roads estimate	(65,000)
Increase Charges for Services estimate	5,034
Increase Court Fines estimate	61,603
Decrease Miscellaneous estimate	(3,097)
Total change in budgeted Revenues	799,417
Increased use of actual FY 2013 year-end unrestricted fund balance	91,891
Increase in Capital Lease proceeds	1,142,555
Net change in budgeted revenues/other sources	\$ 2,146,216

Expenditures and Other Uses of Funds were amended for the following:

Federal, State & Local grants	26,645
Debt service principal and interest adjustment	11,620
General Government Department:	
City Council - increase in financial advisor expenditures	11,425
Legislative Committees / Events – adjust arts council expenditures	21,109
Court, Prosecutor and Defender - adjust expenditures	110,000
City Attorney - outside legal service	30,000
Public Safety:	
Police – victims advocate program donated contribution	2,000
Police – light duty vehicle	7,500
Police – vehicle lease	1,131,130
Highways and Public Improvements	
Public Works - seasonal employee for storm water mapping project	12,000
Public Works – ground maintenance at public works site	5,750
Public Works - replacement of bucket truck	45,000
Public Works - impact fee program moved to capital improvements fund	(45,000)
Transfer - to Capital Projects fund	664,684
Transfer - to Capital Projects fund – Class C Roads	112,353
Net change in budgeted expenditures/other uses	\$ 2,146,216

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

Actual expenditures during this fiscal year in the General Fund departments were equal to or less than the amended budget appropriation in all departments.

The City's Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund can be found on page 40 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

Cottonwood Heights' investment in capital assets for its governmental activities as of June 30, 2013 amounted to \$47,215,683 (net of related debt). This investment in capital assets includes land right-of-way, roads, bridges, parkways (improvements other than buildings), storm drains, land (not road right-of-ways), equipment and vehicles, net of capital leases.

Cottonwood Heights' Capital Assets (Net of related debt)

	Governmental Activities			
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Equipment	\$536,035	\$814,612	\$1,023,366	\$939,477
Vehicles	1,596,319	1,150,035	1,375,227	1,113,471
Buildings				
Land (non-infrastructure)	4,174,551	4,688,944	4,675,905	530,492
Infrastructure - Roads	10,716,473	12,786,504	14,644,587	15,258,919
Infrastructure - Bridges	627,589	660,987	694,384	727,782
Infrastructure - Parkway	6,901,923	6,730,582	4,323,900	3,330,603
Infrastructure - Storm Drains	1,088,250	1,115,215	927,200	878,302
Infrastructure - Land	22,717,047	22,717,047	22,717,047	22,717,047
Total (net of depreciation)	<u>48,358,186</u>	<u>50,663,924</u>	<u>50,381,615</u>	<u>45,496,093</u>
Less Capital Leases	<u>(1,142,503)</u>	<u>(729,090)</u>	<u>(955,676)</u>	<u>(664,898)</u>
Total Capital Assets (net of related debt)	<u>\$47,215,683</u>	<u>\$49,934,834</u>	<u>\$49,425,938</u>	<u>\$44,831,195</u>

Capital asset additions during this fiscal year included the following for a total increase of \$2,411,983 including Work In Progress (WIP) on several projects:

- \$ 1,570,791 in vehicle purchases including police and public works
- \$ 238,998 in infrastructure from road overlay and construction projects
- \$ 597,693 in parkway beautification and improvements includes crosswalks, cross-gutters, street lighting.
- \$ 4,500 in land purchase activity for possible public works site.

Additional information on assets of the City can be found in the Notes 3D Capital Assets on page 55 of this report.

COTTONWOOD HEIGHTS MANAGEMENT DISCUSSION AND ANALYSIS

Long-term debt

As of June 30, 2013 the City had \$1,458,533 in governmental long-term debt. \$316,030 of this amount is a long-term liability in the Employee Benefit Fund (an internal service fund) for earned employee paid time off accruals and is fully funded through cash on hand in the fund. \$1,142,503 of the long term debt is a capital lease to fund the purchase of police vehicles, which the City does every other year. The City expensed the initial down payment in July 2012 of \$315,497 and will have a similar payment in July, 2013. The balance of the Capital Lease for the police vehicles is due in July 2014, and the balance of the lease will be paid through the contractual repurchase of the vehicles by the car dealer. Some minor adjustments to the repurchase price may be made for mileage and vehicle condition.

The City has no general obligation bonded debt.

Additional information on the outstanding debt obligations of the City can be found in the Notes 3F Long-Term Debt on pages 56-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

- Cottonwood Heights' adopted tax rate for the 2013-14 budget year is .002654. This is the Certified Tax rate calculation defined by the State Legislature. The rate was adopted by the City as allowed without the need for a truth-in-taxation hearing. The locally assessed taxable valuation in Cottonwood Heights is estimated at \$2,531,859,810, including \$21,650,402 of new growth in valuation. The adopted tax rate should yield approximately \$6,465,048 in 2013 property tax revenue for the coming 2014 fiscal year.
- Sales tax collections in the State of Utah have strengthened slightly and will most likely continue to support the City's budget in fiscal year 2014. The original budgeted amount of Sales taxes for fiscal year 2014 is \$4,900,000. This compares to actual total sales tax revenue from prior years of \$5,030,007 in fiscal 2013, \$4,725,926 in fiscal 2012 \$4,531,511 in fiscal 2011, \$4,607,702 in fiscal 2010, \$4,819,775 in fiscal 2009, \$5,378,470 in fiscal 2008, and \$5,538,612 in fiscal 2007. The City continues to budget sales taxes conservatively as a hedge against any future reversals in the economy.
- At the time of preparing the fiscal year 2014 budget, Class C Road Funds were believed to be stabilizing, but now are believed to continue to decline slightly. The budget was set at \$1,000,000.
- The 2013-14 budget has been constructed with a focus on efficient and effective use of the limited resources available. No new taxes have been proposed to fund City operations and General Fund revenues and other sources are projected to increase by \$541,878, primarily due to increased tax collections, primarily in sales taxes, franchise taxes and a small amount of property tax collections.
- Capital Project Funds are allocated to specific projects that may or may not be expended in the fiscal year. Presently, \$4,583,822 of Capital Project Funds is allocated in the 2013-14 fiscal budget. However, as has been the pattern in year's

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

past, a significant portion of this amount will likely not be spent fully in any one year. The allocation of \$4,583,822 is comprised of interest earnings and transfers from the General Fund of \$963,799 and utilization of the current Capital Project fund balance of \$4,442,279.

- Projects are defined by the Capital Facilities Plan and the priority of projects determined by the City Council.
 - The ending fund balance in the Capital Projects Fund from the fiscal year 2013 is \$4,471,448, inclusive of carried forward funds for unfinished projects and the City Center/Parks designated fund balance.
 - The City Center project is a significant project for fiscal year 2014 and accounts for nearly \$1,781,767 of funds designated for city center and parks.
- The City continues to budget and provide significant city services to the public without utilizing revenue resources that all other Cities in the Salt Lake Valley have implemented, such as – Telecommunications (3.5%) and Energy Use taxes (6.0%).
- Health insurance premiums continue to escalate. The City, through brokerage services negotiated the best rates available for our user population. The City adopted an optional Qualified High Deductible Health Plan, along with a Health Savings Account (HSA) in an effort to reduce the estimated increase in health insurance premiums.
- As mandated by the Utah State Legislature, through passage of the 2013-14 Utah State Retirement System (URS) rate schedule, the City will increase the percentage of (URS) contributions from 16.04 percent to 17.29 percent for the Tier 1 DB System non-contributory retirement system: Local Government Public Employees, and no rate change to the 32.20 percent for the Tier 1 DB System non-contributory retirement system: Other Division B with 2.5% COLA Public Safety Employees. These changes represent a 1.25 and 0.00 percentage point increase; which results in a 7.79 percent and 0.00 percent increase in the budgeted cost of Tier 1 URS contributions. The City does contribute through the URS on behalf of employees who had previously retired from a government position prior to employment with Cottonwood Heights (so called post-retired employees) prior to July 1, 2010. The City will continue to provide through a 401-k the same percentage contributions for those City employees as defined by their individual contracts: 11.80 percent for post retired from the public employees system and 25.49 percent for post retired from the public safety employees system.
- The Tier 2 Hybrid retirement system: Local Government Public Employees or the Tier 2 Defined Contribution system: Local Government Public Employees will see rates change from 14.33 percent to 15.58 percent and the rates change from 21.80 percent to 21.60 percent for the Tier 2 Hybrid retirement system: Other Division B with 2.5% COLA Public Safety Employees or the Tier 2 Defined Contribution system: Other Division B with 2.5% COLA Public Safety Employees. These changes represent a 1.25 and -0.20 percentage point increase, which results in a 8.72 percent and 0.92 percent increase in the budgeted costs of the Tier 2 URS contributions.
 - All new hires, after July 1, 2011 who were not previously employed with a participating employer and therefore a participant in the Tier 1 system will be enrolled in the Tier 2 retirement system.

COTTONWOOD HEIGHTS
MANAGEMENT DISCUSSION AND ANALYSIS

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Cottonwood Heights' finances. Questions concerning any information provided in this report or a request for additional financial information should be addressed to: Cottonwood Heights, attn: David Muir, City Treasurer/
Financial Reporting Manager, 1265 Fort Union Blvd, #250, Cottonwood Heights, UT 84047.

BASIC FINANCIAL STATEMENTS

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah
Statement of Net Position
June 30, 2013

	<u>Primary Government</u> Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,364,991
Receivables (net of allowances)	1,350,119
Prepays	22,134
Restricted Cash and cash equivalents	77,968
Capital assets not being depreciated:	
Land and rights of way	26,891,598
Capital assets, net of accumulated depreciation:	
Improvements other than buildings	536,035
Vehicles	1,596,319
Infrastructure	19,334,234
Total assets	\$ 57,173,398
LIABILITIES	
Accounts payable and other current liabilities	\$ 477,663
Accrued liabilities	132,910
Nonspendable collections	78,488
Non-current liabilities:	
Due within one year	308,185
Due in more than one year	1,150,348
Total liabilities	2,147,594
DEFERRED INFLOWS OF RESOURCES	
Deferred uncollected property tax revenue	173,500
Deferred property tax revenue	488,895
Total deferred inflows of resources	662,395
NET POSITION	
Invested in capital assets, net of related debt	47,215,683
Restricted for:	
Class C Roads	68,799
Impact Fees	9,169
Other-Prepays	22,134
Unrestricted	7,047,623
Total net position	\$ 54,363,409

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS FINANCIAL SECTION

Cottonwood Heights, Utah Statement of Activities For the Year Ended June 30, 2013

Function / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Governmental Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions		
Primary Governmental activities						
General government	\$ 2,863,918	\$ 502,581	\$ 179,770	\$ -	\$	(2,181,567)
Public safety	8,760,565	528,676	365,150			(7,866,738)
Highways and public improvements	5,773,855	-	1,066,099	231,783		(4,475,973)
Community and economic development	695,759	245,326	-	-		(450,432)
Interest on long-term debt	19,324	-	-	-		(19,324)
Total governmental activities	\$ 18,113,421	\$ 1,276,584	\$ 1,611,019	\$ 231,783		(14,994,034)
General revenues:						
Property Tax						6,954,277
Sales Tax						5,030,007
Motor Vehicle Fee-In-Lieu						390,882
Franchise Tax						296,450
Unrestricted investment earnings						36,859
Miscellaneous						55,735
Total general revenue and transfers						12,764,210
Changes in net assets						(2,229,824)
Net position - beginning						56,593,233
Net position - ending					\$	54,363,409

The notes to the financial statements are an integral part of this statement.

**COTTONWOOD HEIGHTS
FINANCIAL SECTION**

**Cottonwood Heights, Utah
Balance Sheet
Governmental Funds
June 30, 2013**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,586,681	\$ 4,462,279	\$ 7,048,960
Accounts receivables (net):	1,350,119		1,350,119
Prepays	22,134		22,134
Restricted cash and cash equivalents	68,799	9,169	77,968
Total assets	\$ 4,027,733	\$ 4,471,448	\$ 8,499,181
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 477,663	\$ -	\$ 477,663
Accrued liabilities	132,910		132,910
Nonspendable collections	78,488		78,488
Total liabilities	689,061		689,061
DEFERRED INFLOWS OF RESOURCES			
Deferred uncollected property tax revenue	173,500		173,500
Deferred property tax revenue	488,895		488,895
Total deferred inflows of resources	662,395		662,395
Fund balances:			
Nonspendable:			
Prepays	22,134		22,134
Restricted for:			
Class C roads	68,799		68,799
Impact Fees		9,169	9,169
Unrestricted:			
Assigned:			
Capital Improvement		4,462,279	4,462,279
General Fund 6%	899,412		899,412
Unassigned:			
General Fund	1,685,932		1,685,932
Total fund balances	2,676,277	4,471,448	7,147,725
Total liabilities, deferred inflows of resources and fund balances	\$ 4,027,733	\$ 4,471,448	\$ 8,499,181

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Total fund balances - governmental fund types:	\$ 7,147,725
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds. (Net of related Debt)	47,215,683
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Net position of governmental activities	<u>\$ 54,363,409</u>
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The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS FINANCIAL SECTION

Cottonwood Heights, Utah Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 6,954,277	\$ -	\$ 6,954,277
Sales	5,011,132		5,011,132
E-911 Emergency Fees	321,556		321,556
Motor Vehicle Fee-in-lieu	390,882		390,882
Franchise - Cable TV	296,450		296,450
Transient Room	18,875		18,875
Licenses and Permits	502,581		502,581
Intergovernmental:			
Federal Grant	114,694		114,694
State Grants	36,042	200,000	236,042
State Class C Roads	1,066,099		1,066,099
State Liquor Fund Allotment	43,595		43,595
Local Grants	29,034		29,034
Impact Fees		31,783	31,783
Charges for Services	245,326		245,326
Fines and Forfeitures	528,676		528,676
Investment Earnings	15,101	21,759	36,859
Miscellaneous	55,683		55,683
Total revenues	15,630,003	253,542	15,883,545
EXPENDITURES			
Current:			
General Government	2,749,024		2,749,024
Public Safety	8,290,154		8,290,154
Highways and Public Improvements	1,459,514	940,491	2,400,004
Community and Economic Development	690,193		690,193
Debt Service:			
Principal	729,090		729,090
Interest	19,324		19,324
Capital Outlay:			
Public Safety	41,880		41,880
Highways and Public Improvements	673,105	238,998	912,103
Capital Lease - Public Safety	1,458,000		1,458,000
Total expenditures	16,110,284	1,179,489	17,289,773
Excess (deficiency) of revenues over (under) expenditures	(480,281)	(925,947)	(1,406,228)
OTHER FINANCING SOURCES (USES)			
Sources:			
Proceeds from Capital Leases	1,142,555		1,142,555
Transfers from General Fund		1,485,423	1,485,423
Sale of Capital Assets	753,000		753,000
(Uses):			
Transfer of Class C Road to CIP	(112,353)		(112,353)
Transfers to Capital Improvement Fund	(1,373,070)		(1,373,070)
Total other financing sources (uses)	410,132	1,485,423	1,895,555
Net change in fund balances	(70,149)	559,476	489,327
Fund balance - beginning of year	2,746,426	3,911,972	6,658,398
Fund balance - end of year	\$ 2,676,277	\$ 4,471,448	\$ 7,147,725

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net changes in fund balances - total governmental funds	\$	489,327
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays		2,411,982
Depreciation		(3,331,169)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations):

Asset deletions		(1,229,060)
Asset donation of land to school district		(518,892)
Depreciation deletions		361,400

Proceeds from capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of capital lease principal are expenditures in the governmental fund, but reduce liabilities in the Statement of Net Position:

Principal payments on capital lease		729,090
Proceeds from new capital leases		(1,142,503)

Change in net position of governmental activities	\$	<u>(2,229,825)</u>
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The notes to the financial statements are an integral part of this statement.

**COTTONWOOD HEIGHTS
FINANCIAL SECTION**

Cottonwood Heights, Utah
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

Description	Budgeted Adopted Budget	Amounts Final Budget	Fund Actuals (Budgetary Basis) (See Notes)	Variance with Final Budget
REVENUES				
Taxes:				
Property	6,581,714	6,708,739	6,954,277	245,538
Sales	4,450,000	4,900,000	5,011,132	111,132
E-911 Emergency Fees	300,000	320,000	321,556	1,556
Motor Vehicle Fee-in-lieu	400,000	395,000	390,882	(4,118)
Franchise - Cable TV	264,000	295,000	296,450	1,450
Transient Room	20,000	20,000	18,875	(1,125)
Licenses and Permits	539,000	650,500	715,646	65,146
Intergovernmental:				
Federal Grant	181,580	157,053	114,694	(42,359)
State Grants		28,258	36,042	7,784
State Class C Roads	1,113,500	1,048,500	1,066,099	17,599
State Liquor Fund Allotment	45,000	43,595	43,595	0
Local Grants		29,459	29,034	(425)
Impact Fees	45,000	45,000		(45,000)
Charges for Services	70,500	65,534	32,262	(33,273)
Fines and Forfeitures	477,397	539,000	528,676	(10,324)
Investment Earnings	14,000	17,000	15,101	(1,899)
Miscellaneous	27,597	55,568	55,683	116
Total revenues	14,529,288	15,318,206	15,630,003	311,797
EXPENDITURES				
Current:				
General Government	2,802,923	2,979,322	2,749,024	(230,299)
Public Safety	8,378,050	8,416,080	8,332,034	(84,046)
Highways and Public Improvements	2,302,712	2,408,718	2,132,619	(276,099)
Community and Economic Development	690,233	690,233	690,193	(40)
Debt Service:				
Principal	282,159	326,922	729,090	402,168
Interest	28,211	(4,932)	19,324	24,256
Capital Outlay:				
Capital Lease - Public Safety		1,131,130	1,458,000	326,870
Total expenditures	3,437,417	3,701,424	3,380,746	(320,678)
Excess (deficiency) of revenues over (under) expenditures	11,091,871	11,616,782	12,249,257	632,475
OTHER FINANCING SOURCES (USES)				
Sources:				
Proceeds from Capital Leases		1,142,555	1,142,555	
Sale of Capital Assets		10,500	753,000	742,500
(Uses):				
Transfer of Class C Road to CIP		(112,353)	(112,353)	
Transfers to Capital Improvement Fund	(802,392)	(1,373,070)	(1,373,070)	
Total other financing sources (uses)	(802,392)	(332,368)	410,132	742,500
Net change in fund balances	10,289,479	11,284,413	12,659,389	1,374,975
Fund balance - beginning of year			(9,983,112)	
Fund balance - end of year			2,676,277	

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah

Statement of Net Position

Proprietary Fund

For the Year Ended June 30, 2013

	Governmental Activities - Employee Benefit Fund
ASSETS	
Cash and cash equivalents	\$ 316,030
 Total assets	 316,030
 LIABILITIES	
Non-current liabilities	
Accrued PTO benefits payable	316,030
 Total liabilities	 316,030
 NET POSITION	
Unrestricted	-
 Total net position	 \$ -

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Governmental Activities - Employee Benefit Fund</u>
OPERATING REVENUES	
Charges for interfund services provided	\$ 65,054
Total operating revenues	<u>65,054</u>
OPERATING EXPENSES	
General Government - employee PTO benefits	<u>66,695</u>
Total operating expenses	<u>66,695</u>
Operating income	<u>(1,641)</u>
NON-OPERATING REVENUES	
Investment Earnings	<u>1,641</u>
Total non-operating revenues	<u>\$ 1,641</u>
Change in net position	<u>-</u>
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

COTTONWOOD HEIGHTS
FINANCIAL SECTION

Cottonwood Heights, Utah
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Employee Benefit Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 65,054
Net cash provided by operating activities	65,054
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	1,641
Net cash provided by investing activities	1,641
Net increase in cash and cash equivalents	66,695
Cash and cash equivalents July 1, 2012	249,335
Cash and cash equivalents June 30, 2013	\$ 316,030
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating Income	(1,641)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accrued PTO benefits payable	66,695
Net cash provided by operating activities	\$ 65,054

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cottonwood Heights (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies for the city are discussed in subsequent subsections of this Note.

1A - FINANCIAL REPORTING ENTITY

Cottonwood Heights (the city), incorporated in 2005, is a political subdivision of the State of Utah. The city is governed by a City Council comprised of an elected mayor who serves as Chairman of the City Council and four elected City Council members. The City has determined that there are no separately administered organizations that are controlled by or are dependent upon the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters. Using these criteria no potential component units are included in the City's financial statements.

The accounting policies of Cottonwood Heights, Utah, conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant of such policies.

The City's financial reporting entity comprises the following:

Primary Government:	Cottonwood Heights
Component Units:	None

1B - BASIS OF PRESENTATION

Government-wide Financial Statements:

Government-wide Statement of Net Position and Statement of Activities display information on all non-fiduciary activities of the reporting government as a whole. Most effects of any inter-fund activities have been eliminated from these statements.

The government-wide statements for the primary government are separated based on the predominance of the type of revenues that support them. Governmental activities are normally supported by taxes and intergovernmental revenues, while business type activities would receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenditures of the function. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues include: (1) charges to customers or privileges provided by a given function and (2) grants and contributions that are

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

restricted to meeting operational or capital requirements of a particular function. Other revenue sources that are not reported as program revenues are reported instead as general revenues.

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. All funds of Cottonwood Heights are considered to be major funds.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets.

Proprietary Funds:

Employee Benefit Fund (an internal service fund)

This fund is used to account for liabilities created from accrued paid time off (PTO) of each City employee. Each year a calculation is made to determine the vested payouts that could occur in future years. This amount is charged to the current year in order to eliminate any large unforeseen payout that could disrupt the individual departmental budgets in subsequent years when a payout occurs.

1C - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position. The City employee benefit fund (an internal service fund) is reported on this basis.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. The City has no Fiduciary funds at this time.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City includes in available revenue only revenue that will be collected in cash within one year following the close of the fiscal year, and in the case of property tax revenue, only revenue that will be collected within 60 days of the close of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

1D - ASSETS, LIABILITIES, AND NET ASSETS (EQUITY)

Deposits and Investments

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (non-current portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3G for details of interfund transactions, including receivables and payables at year-end. The City has no interfund receivables or payables.

Receivables and Payables

In the government-wide statements and the fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales tax, franchise tax, property tax, court fines and road cut permits. Interest and investment earnings are recorded when earned and considered both measurable and available.

Payables are composed of contract payments for public works, permitting and inspections, engineering and the City attorney.

Capital Assets

The accounting treatment for property, plant, and equipment depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements assets are accounted for as capital assets. All assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the infrastructure assets transferred from Salt Lake County primarily during the period ending June 30, 2005. The City has chosen to capitalize assets costing \$10,000 or more.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Depreciation of all exhaustible assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	45 years
Machinery and Equipment	5 to 15 years
Vehicles	5 years
Infrastructure – original costs - annual upgrade costs	15-50 years (Must increase remaining life by a minimum of 33%. Upgrade costs amortized over new remaining life.)

Fund Financial Statements

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets

Restricted assets consist of various cash balances that are restricted as to their use. Certain cash balances are restricted by provisions of State or Federal law. Class C Road revenue not spent is restricted in the general fund to be used for future roadwork. Certain grants must be spent for the intended purpose. The City may also have certain impact fees that are restricted from time to time.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused PTO benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. There is no recorded liability for compensated absences in the governmental funds because the Employee Benefit Fund (an internal service fund) has been paid for the incurred compensated absence expenditures.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in four components:

- a. Invested in capital assets, net of related debt—Consists of capital assets net of accumulated depreciation and related debt.
- b. Nonspendable—Consists of prepaid expenditures for the subsequent fiscal year.
- c. Restricted—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- d. Unrestricted—All other net assets that do not meet the definition of “nonspendable”, “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is reported in three major categories, comprising five separate categories: Nonspendable, Restricted and Unrestricted (which can be shown as Committed, Assigned and Unassigned). See Note 3H for additional disclosure on the City’s fund balances. Each category is defined as follows:

- a) Nonspendable – Prepaid expenditures and other similar assets (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted – Assets constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors or contributors.
- c) Committed – Formally designated by City Council through ordinance for specific purposes, prior to the end of the fiscal year being reported, that cannot be used for another purpose unless the City Council formally changes the use through a superseding ordinance.
- d) Assigned – Amounts constrained by the City Council or for a specific purpose normally through the appropriations process establishing and amending budgets. Funds in Capital Projects fund or other permanent funds are by their nature assigned to the purpose for which the resources are collected, without extra ordinary formal action.
- e) Unassigned – All other general funds not classified in any other classification that may be used for any governmental purpose.

When both restricted and unrestricted fund balance is available for use, it is the City’s policy to use restricted fund balance first, then committed funds, followed by assigned and then unassigned.

Fund balance is committed by the City Council passage of budget resolutions. Assigned balances are determined by management authorized to manage the funds of the City by the City Council.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

1E - REVENUES, EXPENDITURES, AND EXPENSES

Revenue

Property taxes, franchise taxes, licenses, shared revenue, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to the County Treasurer prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30 of each year. Property taxes are collected by the Salt Lake County Treasurer and remitted to the City shortly after collections occur.

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly approximately two months after the period in which the taxes are collected by local businesses if all filings are made timely.

Expenditures/Expenses

In the government-wide financial statements, expenditures are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:

Current (further classified by function and object)

Debt Service

Capital Outlay

Intergovernmental

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual obligations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2A - FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of funds separate from the General Fund. The legally required separate funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
None	

2B - CASH DEPOSITS AND INVESTMENTS

Deposits and investments for Cottonwood Heights are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of Cottonwood Heights' exposure to various risks related to its cash management activities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, Cottonwood Heights' deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of Cottonwood Heights to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Utah Money Management Act.

Cottonwood Heights is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. A copy of the Public Treasurers Investment Fund is available for viewing on the Utah State Treasurer's website at <http://www.treasurer.state.ut.us>.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2013, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
State of Utah PTIF	\$ 7,393,459	\$ 7,356,517	\$ -	\$ -	\$ -
Total	<u>\$ 7,393,459</u>	<u>\$ 7,356,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Cottonwood Heights manages its exposure to declines in fair value by investment only in the PTIF and by adhering to the Utah Money Management Act.

2C - REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue from state sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
B & C Road Funds	Eligible B & C Roads
Federal Grant	Energy Efficiency Grant
Awarded Asset Seizures	Further Enforcement Actions

For the period ended June 30, 2013, the City complied, in all material respects, with these revenue restrictions.

2D - DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

No long-term general obligation debt shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt in an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the period ended June 30, 2013, the City had no outstanding general obligation debt.

Other Long-term Debt

Cities may incur indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first and second class cities and eight percent for third class cities of the fair market value of taxable property in their jurisdictions.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

2E - FUND EQUITY RESTRICTIONS

General Fund Balance Restrictions

Utah Code 10-6-116(4) requires that only the “fund balance in excess of 5 percent of total revenues of the general fund may be utilized for budget purposes.” The remaining 5 percent must be maintained as a minimum fund balance. The maximum in the general fund may not exceed 25 percent of the total estimated revenue of the general fund (10-6-116(2)). The City Council has set its’ own standard of maintaining a minimum 6 percent fund balance. Currently the City’s adjusted fund balance is under the maximum allowed.

2F - BUDGETARY BASIS OF ACCOUNTING

In the governmental fund statements the accounting basis and the budgetary basis are the same. The Statement (Schedule) of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual presented for the general fund and the capital projects fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1, in accordance with Utah State law. The operating budget includes proposed expenditures and proposed sources of financing for such expenditures. Prior to June 22nd a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Management can move budgeted amounts within a department or decrease appropriations. The City Council can increase appropriations after having a public hearing. During the year ended June 30, 2013 the City Council amended the original budget once.

Budgets for the Capital Projects Fund are also prepared using the modified accrual basis of accounting and are adopted on an annual basis. Project budgets for the Capital Projects fund are prepared annually and ending balances may be re-appropriated by Council action in the following year. State law also requires a budget comparison for all funds for which an annual budget is adopted.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A - CASH DEPOSITS AND INVESTMENTS

Below is a reconciliation of the year-end balance invested in the Public Treasurers' Investment Fund and other cash and investments presented in the statement of net position:

Utah State Public Treasurers' Investment Fund balance \$ 7,356,517

Reconciliation to Government-wide Statement of Net Position:

Investments	\$	7,356,517
Cash on Hand		10,750
Deposits		75,691
Total	\$	<u>7,442,959</u>

Per Statement of Net Position:

Unrestricted Cash	\$	7,364,991
Restricted Cash		77,968
Total	\$	<u>7,442,959</u>

3B - RESTRICTED ASSETS

The restricted assets as of June 30, 2013, are as follows:

<u>Type of Restricted Asset</u>	<u>Cash/Time Deposits</u>
<i>Governmental Activities:</i>	
Class C Road Funds	\$ 68,799
Prepays	22,134
Impact Fees	9,169
Total	<u>\$ 100,102</u>

3C - ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists principally of fiscal year accruals of sales taxes, property taxes, court fines and road cuts permits receivable.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Receivables details at June 30, 2013, are as follows:

	<u>Governmental Activities</u>
Delinquent Property Taxes Receivable	\$ 173,500
Invoiced Receivables / Miscellaneous	6,697
Prior Fiscal Revenues - Sales & Transient Room / 911 Fees	950,628
Prior Fiscal Revenue - Franchise Fees	74,007
Prior Fiscal Revenues - Property Taxes	27,362
Prior Fiscal Revenues - CDBG, Grants	92,375
Deposits Receivable	25,550
Net Accounts Receivable	<u><u>\$ 1,350,119</u></u>

3D - CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2013, was as follows:

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Disposals / Misc Adj</u>	<u>Balance at June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land (non-infrastructure)	\$ 4,688,944	\$ -	\$ (514,392.43)	\$ 4,174,551
Land related Infrastructure	22,717,047	-	-	22,717,047
Total assets, not being depreciated	<u>27,405,990.14</u>	<u>-</u>	<u>(514,392.43)</u>	<u>26,891,597.71</u>
Capital assets, being depreciated:				
Equipment	\$ 2,089,166	\$ -	\$ -	\$ 2,089,166
Vehicles	1,855,435	1,575,291	(1,233,560)	2,197,166
Infrastructure - Roads	29,609,871	238,998		29,848,869
Infrastructure - Bridges	905,375	-	-	905,375
Infrastructure - Parkways	7,606,626	597,693	-	8,204,319
Infrastructure - Storm Drains	1,213,493	-		1,213,493
Total capital assets, being depreciated	<u>43,279,965</u>	<u>2,411,983</u>	<u>(1,233,560)</u>	<u>44,458,387</u>
Accumulated Depreciation				
Equipment	\$ (1,274,553)	\$ (278,578)		\$ (1,553,131)
Vehicles	(705,399)	(256,847.38)	361,400.44	(600,846)
Infrastructure - Roads	(16,823,367)	(2,309,029.29)		(19,132,396)
Infrastructure - Bridges	(244,388)	(33,397.68)		(277,786)
Infrastructure - Parkways	(876,044)	(426,352.50)		(1,302,396)
Infrastructure - Storm Drains	(98,279)	(26,965.00)		(125,244)
Total accumulated depreciation	<u>(20,022,030)</u>	<u>(3,331,169)</u>	<u>361,400</u>	<u>(22,991,799)</u>
Governmental activities, capital assets, net	<u>\$ 50,663,925</u>	<u>\$ (919,187)</u>	<u>\$ (1,386,552)</u>	<u>\$ 48,358,186</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Depreciation and Miscellaneous Adjustment expense was charged to governmental activities as follows:

Governmental Activities:

General Government	\$ 114,894
Public Safety	1,850
Highways & Public Improvements	2,854,959
Community Planning	<u>(1,934)</u>
Total depreciation expense and adjustment	<u>\$ 2,969,769</u>

Capital Assets under Capital Lease

The City has acquired public safety vehicles through capital lease. The amortization of these assets is included in depreciation expense. As of June 30, 2013 the net book values are as follows:

	<u>Governmental Activities</u>
Vehicles	\$ 1,458,000
Less Accumulated Depreciation	<u>(152,500)</u>
Net Book Value	<u>\$ 1,305,500</u>

3E - ACCOUNTS PAYABLE

Payables in the general fund are composed of contract payments for public works, permitting and inspections, engineering and the City attorney.

3F - LONG-TERM DEBT

The reporting entity's long-term debt consists of capital leases and accrued employee benefits to be repaid from governmental activities.

As of June 30, 2013, the City had long-term debt payable from general fund resources consisting of the following:

The City has entered into a lease agreement as lessee for the purchase of Police vehicles. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of all future lease payments as of the inception date.

Zions Bank - Police Vehicles	
1.64%, (07/17/12 original amount \$1,142,503)	\$ 1,142,503
	<u>\$ 1,142,503</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2013 the City had proprietary fund long-term debt payable as follows:

Employee Benefit Fund (an Internal Service Fund):

Paid Time Off - Future PTO Liability	\$ 316,030
Total proprietary fund debt	<u>316,030</u>
Total governmental activity debt	<u><u>\$ 1,458,533</u></u>

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2013:

Type of Debt	June 30, 2012	Additions	Reductions	June 30, 2012	One Year
Capital leases	\$ 729,090	\$ 1,142,503	\$ (729,090)	\$ 1,142,503	\$ 308,185
Emp Benefit Fund-PTO *	249,336	82,959	(16,264)	316,030	-
Total Long Term Debt	<u>\$ 978,426</u>	<u>\$ 1,225,462</u>	<u>\$ (745,354)</u>	<u>\$ 1,458,533</u>	<u>\$ 308,185</u>

* Annual calculation of vested paid time off available, net total by department. Reductions are due to gross payouts of accrued leave by retiring employees.

Annual Debt Service Requirements

The annual debt service requirements to maturity for governmental long-term debt principal and interest as of June 30, 2013, are as follows:

Year Ended June 30	Governmental Activities		
	Principle	Interest	Total
2014	308,185	18,737	\$ 326,922
2015	834,317	13,684	848,000
Thereafter	-	-	-
Total	<u>\$ 1,142,503</u>	<u>\$ 32,421</u>	<u>\$ 1,174,922</u>

3G - INTERFUND TRANSACTIONS AND BALANCES

Operating Transfers

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 1,373,070	
General Fund – Class C Roads	\$ 112,353	
Capital Projects Fund		\$ 1,485,423

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - OTHER INFORMATION

4A - EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plans

The City contributes to the Local Governmental Tier I Noncontributory Retirement System and Public Safety Retirement System which are cost-sharing, multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The City also participates in the newly adopted Tier II system for employees who are not eligible to participate in the Tier I Noncontributory System, sometimes referred to as a Contributory Retirement System. The System provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated* 1953 as amended, which also establishes the State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The System does allow Tier I elected officials and a small percent of appointed officials to be exempt from participation in the Noncontributory System in lieu of other retirement options.

The City is required to contribute to the Local Government Noncontributory System 16.04 percent of the annual salaries of eligible employees. The City is also required to contribute to the Public Safety Noncontributory System 32.2 percent of the annual salaries of eligible employees. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49. For Tier II employees the rates are 12.74 percent and 20.71 percent respectively.

The City contributions to the Local Government Noncontributory System for the periods ending June 30, 2013, 2012 and 2011 were respectively \$178,396, \$136,503 and \$120,360. The City contributions to the Public Safety Noncontributory System for the period end June 30, 2013, 2012 and 2011 were respectively \$435,258, 383,370 and 366,841. The contributions were equal to the required contributions for this period. The City has recorded some initial contributions to the Contributory Tier II System for 2013 and 2012 were respectively \$6,388 and \$871 for regular employees and \$ 4,505 and \$1,741 for Public Safety employees.

The City has also elected to be exempt from the Federal Social Security System for all employees and assures that they participate in a qualifying retirement plan. In lieu of

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

contributions to the Social Security System the City contributes to various deferred compensation plans explained below.

Deferred Compensation Plans

The assets held by these deferred plans are not available to the City or its general creditors.

401(k) Plan

The City sponsors a deferred compensation plan under Internal Revenue Code Section 401(k) for City employees. The Utah State Retirement Board administers this Plan. Employees who have elected to be exempt from either the regular Noncontributory System or Public Safety System may elect to have their equivalent City contribution contributed into this plan.

Employer contributions that substitute for contributions to the Non-contributory pension for the periods ended June 30, 2013, 2012 and 2011 were \$58,802, \$53,237 and \$52,208 respectively.

Employer contributions that substitute for contributions to the Public Safety Non-Contributory pension for the periods ended June 30, 2013, 2012 and 2011 were \$210,714, \$191,766 and \$186,129 respectively.

Employer contributions that substitute for medical coverage for the periods ended June 30, 2013, 2012 and 2011 were \$42,882, \$36,729 and \$40,088. These contributions are made in lieu of the City paying medical premium costs for employees that elect to forgo medical coverage through the City's group policy. These employees are required to provide proof of alternative insurance coverage.

Employer contributions that substitute for social security contributions for the periods ended June 30, 2013, 2012 and 2011 were \$156,737, \$147,610 and \$133,668.70 respectively.

457 Plans

The City sponsors 457 Deferred Compensation Plans in accordance with Internal Revenue Code Section 457 for all City employees. These plans are administered both by the Utah State Retirement Board and the International City/County Management Association Retirement Corporation (ICMA-RC). The employees of City participate in the 457 deferred compensation plan through payroll deduction.

GASB No. 32 considers 457 plans as Trust Funds for individuals. Therefore no contribution information is provided.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

4B - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased comprehensive general liability insurance through the Utah Local Governments Trust. The City pays premiums to the Trust for its general insurance coverage, automobile liability, and personal injury protection. The Trust is self-sustaining through member premiums. The City is subject to a minimal deductible for claims.

4C – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 16, 2013, which is the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**COTTONWOOD HEIGHTS
SUPPLEMENTARY INFORMATION**

Cottonwood Heights, Utah
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Fund Actuals	Variance with
	Adopted	Final	(Budgetary Basis)	Final Budget
	Budget	Budget	(See Notes)	
REVENUES				
State Grant	\$ -	\$ 200,000	\$ 200,000	\$ -
Impact Fees - Current Collections			31,783	31,783
Investment earnings	35,000	35,000	21,759	(13,241)
Total revenues	35,000	235,000	253,542	18,542
EXPENDITURES				
Current:				
Highways and Public Improvements	4,112,413	5,632,395	1,179,489	(4,452,906)
Total expenditures	4,112,413	5,632,395	1,179,489	(4,452,906)
Excess (deficiency) of revenues over (under) expenditures	(4,077,413)	(5,397,395)	(925,947)	4,471,448
OTHER FINANCING SOURCES (USES)				
Sources/(Uses):				
Beginning Fund Bal Appropriated	3,275,021	3,911,972		(3,911,972)
Transfers from General Fund	802,392	1,373,070	1,373,070	
Transfers from General Fund - Class C		112,353	112,353	
Total other financing sources (uses)	4,077,413	5,397,395	1,485,423	(3,911,972)
Net change in fund balances			559,476	
Fund balance - beginning of year			3,911,972	
Fund balance - end of year	\$ -	\$ -	\$ 4,471,448	\$ -

STATISTICAL SECTION (Unaudited)

This section of Cottonwood Heights' Comprehensive Annual Financial Report (CAFR) provides detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health.

The five divisions of the Statistical Section are as follows:

- **Financial Trends:** Included schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- **Revenue Capacity:** Included schedules contain information to help the reader assess the City's most significant local revenue sources, property tax, sales tax, and enterprise fund revenues.
- **Debt Capacity:** Included schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information:** Included schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- **Operating information:** Included schedules contain data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements of Cottonwood Heights for the relevant year.

COTTONWOOD HEIGHTS STATISTICAL SECTION

FINANCIAL TRENDS: CHART-1
Cottonwood Heights
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year										
	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	
Governmental activities											
Investment in capital assets	\$ 47,215,683	\$ 49,934,834	\$ 49,425,939	\$ 44,831,195	\$ 45,831,420	\$ 45,776,089	\$ 41,891,706	\$ 42,360,450	\$ 44,315,013	\$ -	
Restricted	100,102	165,949	221,078	203,271	222,737	223,950	253,555	183,225	171,627		
Unrestricted	7,043,749	6,492,449	8,603,921	9,017,951	9,688,305	10,068,724	7,014,875	4,643,809	604,021		
Total governmental activities net position	\$ 54,359,534	\$ 56,593,232	\$ 58,250,938	\$ 54,052,417	\$ 55,722,462	\$ 56,068,763	\$ 49,160,136	\$ 47,187,484	\$ 45,090,661	\$ -	
Business-type activities											
Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unrestricted	-	-	-	-	-	-	-	-	-		
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Primary government											
Investment in capital assets	\$ 47,215,683	\$ 49,934,834	\$ 49,425,939	\$ 44,831,195	\$ 45,831,420	\$ 45,776,089	\$ 41,891,706	\$ 42,360,450	\$ 44,315,013	\$ -	
Restricted	100,102	165,949	221,078	203,271	222,737	223,950	253,555	183,225	171,627		
Unrestricted	7,043,749	6,492,449	8,603,921	9,017,951	9,688,305	10,068,724	7,014,875	4,643,809	604,021		
Total primary government net position	\$ 54,359,534	\$ 56,593,232	\$ 58,250,938	\$ 54,052,417	\$ 55,722,462	\$ 56,068,763	\$ 49,160,136	\$ 47,187,484	\$ 45,090,661	\$ -	

Note: Cottonwood Heights city incorporated in January 2005
The City has no Business-type activities

COTTONWOOD HEIGHTS STATISTICAL SECTION

FINANCIAL TRENDS: CHART-2 Cottonwood Heights Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
Expenses										
Governmental Activities										
General Government	\$ 2,863,918	\$ 2,699,564	\$ 2,094,427	\$ 2,331,589	\$ 2,140,589	\$ 1,972,270	\$ 3,421,036	\$ 1,328,701	\$ 669,212	\$ -
Public Safety	8,760,565	8,360,970	7,685,600	8,073,608	8,015,001	6,780,298	6,339,016	5,730,383	1,763,029	
Highways and Streets	5,773,855	4,728,329	4,485,274	5,707,937	5,309,932	3,469,794	3,197,851	3,309,743	1,377,478	
Community and Economic Development	695,759	626,956	602,502	524,665	568,802	620,300	616,335	821,760	212,593	
Interest on long term debt	19,324	18,197	22,003	26,840	26,761	254	498	47,805	7,028	
Intergovernmental	-	-	-	35,000	-	-	-	-	-	
Total Governmental Activities	<u>\$ 18,113,421</u>	<u>\$ 16,434,016</u>	<u>\$ 14,889,806</u>	<u>\$ 16,699,639</u>	<u>\$ 16,059,086</u>	<u>\$ 12,842,917</u>	<u>\$ 13,574,736</u>	<u>\$ 11,238,392</u>	<u>\$ 4,029,340</u>	<u>\$ -</u>
Business-type activities										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 18,113,421</u>	<u>\$ 16,434,016</u>	<u>\$ 14,889,806</u>	<u>\$ 16,699,639</u>	<u>\$ 16,059,086</u>	<u>\$ 12,842,917</u>	<u>\$ 13,574,736</u>	<u>\$ 11,238,392</u>	<u>\$ 4,029,340</u>	<u>\$ -</u>
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 502,581	\$ 445,692	\$ 555,469	\$ 449,598	\$ 469,151	\$ 558,751	\$ 553,676	\$ 553,207	\$ 251,268	\$ -
Public Safety	528,676	552,220	546,834	538,124	273,251	235,611	158,498	206,721	22,122	
Highways and Streets	-	-	-	-	-	-	-	-	-	
Community and Economic Development	245,326	180,299	203,093	151,433	164,376	213,924	221,802	202,569	-	
Interest on long term debt	-	-	-	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	-	-	-	
Operating Grants and Contributions	1,611,019	1,504,103	1,638,949	1,502,366	1,465,430	1,475,184	1,362,266	1,289,841	627,685	
Capital Grants and Contributions	231,783	25,185	312,815	564,390	1,025,779	941,105	33,579	2,532,080	4,661	
Total Governmental Activities	<u>\$ 3,119,387</u>	<u>\$ 2,707,500</u>	<u>\$ 3,257,160</u>	<u>\$ 3,205,911</u>	<u>\$ 3,397,987</u>	<u>\$ 3,424,575</u>	<u>\$ 2,329,822</u>	<u>\$ 4,784,419</u>	<u>\$ 905,736</u>	<u>\$ -</u>
Business-type Activity										
Charges for Services										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-type Activity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Program Revenues	<u>\$ 3,119,387</u>	<u>\$ 2,707,500</u>	<u>\$ 3,257,160</u>	<u>\$ 3,205,911</u>	<u>\$ 3,397,987</u>	<u>\$ 3,424,575</u>	<u>\$ 2,329,822</u>	<u>\$ 4,784,419</u>	<u>\$ 905,736</u>	<u>\$ -</u>

COTTONWOOD HEIGHTS STATISTICAL SECTION

FINANCIAL TRENDS: CHART-2
Cottonwood Heights
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
(schedule continued)										
Net (Expense)/Revenue										
Governmental Activities	\$ (14,994,034)	\$ (13,726,516)	\$ (11,632,646)	\$ (13,493,728)	\$ (12,661,099)	\$ (9,418,342)	\$ (11,244,914)	\$ (6,453,973)	\$ (3,123,604)	\$ -
Business-type Activity	-	-	-	-	-	-	-	-	-	-
Total Net Expense	<u>\$ (14,994,034)</u>	<u>\$ (13,726,516)</u>	<u>\$ (11,632,646)</u>	<u>\$ (13,493,728)</u>	<u>\$ (12,661,099)</u>	<u>\$ (9,418,342)</u>	<u>\$ (11,244,914)</u>	<u>\$ (6,453,973)</u>	<u>\$ (3,123,604)</u>	<u>\$ -</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 6,954,277	\$ 6,594,176	\$ 6,499,957	\$ 6,344,286	\$ 6,408,994	\$ 6,475,442	\$ 6,399,642	\$ 2,858,039	\$ 874,799	\$ -
Sales Taxes	5,030,007	4,749,551	4,558,144	4,634,998	4,847,677	5,414,341	5,567,486	4,748,086	2,012,660	
Motor Vehicle Fee-In-Lieu	390,882	400,016	426,149	468,657	505,711	505,430	535,812	-	-	
Franchise Taxes	296,450	278,444	267,999	256,667	250,660	235,671	214,766	187,077	74,426	
State Liquor Fund Allotment	**	43,515	46,230	35,236	33,563	39,738	29,926	23,601	-	
Unrestricted investment earnings	36,859	53,935	46,773	59,298	187,488	1,500	6,248	500,000	-	
Gain (Loss) on sale of Capital Assets	-	(91,970)	(43,546)	-	-	515,432	456,134	233,638	8,131	
Miscellaneous	55,735	41,145	55,709	29,816	53,944	(736)	-	-	-	
Transfers in/out	-	-	-	-	-	4,589	7,503	405	694	
Special Item	-	-	3,985,238	-	-	-	-	-	45,243,555	
Total general revenues, transfers, and special item	<u>\$ 12,764,210</u>	<u>\$ 12,068,812</u>	<u>\$ 15,842,653</u>	<u>\$ 11,828,958</u>	<u>\$ 12,288,037</u>	<u>\$ 13,191,407</u>	<u>\$ 13,217,517</u>	<u>\$ 8,550,846</u>	<u>\$ 48,214,265</u>	<u>\$ -</u>
Business-type Activity:										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 12,764,210</u>	<u>\$ 12,068,812</u>	<u>\$ 15,842,653</u>	<u>\$ 11,828,958</u>	<u>\$ 12,288,037</u>	<u>\$ 13,191,407</u>	<u>\$ 13,217,517</u>	<u>\$ 8,550,846</u>	<u>\$ 48,214,265</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ (2,229,824)	\$ (1,657,704)	\$ 4,210,007	\$ (1,664,770)	\$ (373,062)	\$ 3,773,065	\$ 1,972,603	\$ 2,096,873	\$ 45,090,661	\$ -
Business-type Activity	-	-	-	-	-	-	-	-	-	-
Total Change in Net Position	<u>\$ (2,229,824)</u>	<u>\$ (1,657,704)</u>	<u>\$ 4,210,007</u>	<u>\$ (1,664,770)</u>	<u>\$ (373,062)</u>	<u>\$ 3,773,065</u>	<u>\$ 1,972,603</u>	<u>\$ 2,096,873</u>	<u>\$ 45,090,661</u>	<u>\$ -</u>

Note: Cottonwood Heights city incorporated in January 2005
The City has no Business-type activities

COTTONWOOD HEIGHTS STATISTICAL SECTION

FINANCIAL TRENDS: CHART-3 Cottonwood Heights Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2012	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
General Fund										
Nonspendable	\$ 22,134	\$ 53,596	\$ 81,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	68,799	112,353	138,355	-	-	-	-	-	-	-
Unrestricted										
Assigned	899,412	871,757	857,894	-	-	-	-	-	-	-
Unassigned	-	1,708,720	1,970,113	-	-	-	-	-	-	-
Reserved	-	-	-	203,271	222,737	223,950	253,555	183,225	171,627	-
Unreserved	1,682,058	-	-	1,779,169	1,407,461	1,211,759	1,235,852	588,746	197,101	-
Total General Fund	\$ 2,672,403	\$ 2,746,426	\$ 3,047,494	\$ 1,982,440	\$ 1,630,198	\$ 1,435,709	\$ 1,489,407	\$ 771,971	\$ 368,728	\$ -
All other governmental funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grant			23,594							
Impact Fees	9,169									
Unrestricted										
Capital Projects	4,462,279	3,911,972	5,775,914	7,238,782	8,260,844	8,856,965	5,779,023	4,055,063	406,920	
Unreserved - Capital Projects	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 4,471,448	\$ 3,911,972	\$ 5,799,508	\$ 7,238,782	\$ 8,260,844	\$ 8,856,965	\$ 5,779,023	\$ 4,055,063	\$ 406,920	\$ -

Note: Cottonwood Heights city incorporated in January 2005
The city implemented the requirements of GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for fiscal year 2011

COTTONWOOD HEIGHTS STATISTICAL SECTION

FINANCIAL TRENDS: CHART 4 Cottonwood Heights

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003
REVENUES											
Property Taxes	\$ 6,954,277	\$ 6,594,176	\$ 6,499,957	\$ 6,344,286	\$ 6,408,994	\$ 6,475,442	\$ 6,399,642	\$ -	\$ -	\$ -	\$ -
Sales Taxes	5,011,132	4,725,926	4,531,512	4,607,702	4,819,775	5,378,470	5,528,612	4,726,645	2,087,086	-	-
E-911 Emergency Fees	321,556	294,517	294,601	299,774	232,723	200,696	110,926	-	-	-	-
Motor Vehicle Fee-in-lieu	390,882	400,016	468,149	468,657	505,711	505,430	535,812	-	-	-	-
Franchise Taxes	296,450	278,444	267,999	256,667	250,660	235,671	214,766	187,077	-	-	-
Transient Room	18,875	23,625	26,632	27,297	27,902	35,871	38,874	21,441	-	-	-
Licenses and Permits	502,581	445,692	555,469	449,598	469,151	558,751	553,676	553,207	251,268	-	-
Intergovernmental	1,489,464	1,253,101	1,536,378	1,650,962	2,262,270	2,225,477	1,287,514	7,171,481	1,502,484	-	-
Charges for Services	245,326	180,299	203,093	151,433	164,376	213,924	221,802	202,569	1,992	-	-
Fines and Forfeitures	528,676	552,220	546,834	538,124	273,251	235,611	158,498	206,721	20,130	-	-
Investment Earnings	36,859	53,935	46,773	59,298	187,488	515,432	456,134	233,638	8,131	-	-
Miscellaneous	55,683	41,145	55,709	29,816	53,944	4,589	7,503	405	694	-	-
Total Revenues	<u>\$15,851,761</u>	<u>\$14,943,096</u>	<u>\$14,991,106</u>	<u>\$14,883,612</u>	<u>\$15,660,244</u>	<u>\$16,585,364</u>	<u>\$15,513,760</u>	<u>\$13,303,184</u>	<u>\$3,871,786</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES											
Current											
General Government	\$ 2,749,024	\$ 2,568,624	\$ 1,976,164	\$ 2,252,343	\$ 2,073,098	\$ 1,932,412	\$ 956,090	\$ 1,315,301	\$ 679,027	\$ -	\$ -
Public Safety	8,290,154	7,961,262	7,651,305	7,630,159	7,759,559	6,778,220	6,329,819	5,726,563	1,763,029	-	-
Highways and Public Improvements	2,400,004	2,009,533	1,792,562	3,179,469	2,881,406	892,995	3,530,251	1,215,242	364,279	-	-
Community and Economic Development	690,193	612,898	586,287	509,082	552,668	577,107	612,425	816,963	212,593	-	-
Debt Service											
Principal	729,090	226,586	250,000	162,087	-	10,048	10,571	10,881	767	-	-
Interest and fiscal charges	19,324	18,197	22,003	32,113	-	254	498	47,805	7,028	-	-
Refunding bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	35,000	-	20,200	-	-	-	-	-
Capital Outlays (net of disposals)	2,411,983	3,676,584	3,254,021	1,904,433	3,648,909	3,407,241	1,666,338	151,073	116,342	-	-
Total Expenditures	<u>\$17,289,772</u>	<u>\$17,071,684</u>	<u>\$15,532,342</u>	<u>\$15,704,688</u>	<u>\$16,914,640</u>	<u>\$13,618,476</u>	<u>\$13,105,992</u>	<u>\$9,283,828</u>	<u>\$3,133,065</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues over Expenditures	(1,438,011)	(2,228,588)	(541,236)	(821,075)	(1,254,397)	2,966,888	2,407,768	4,019,356	738,720	-	-
OTHER FINANCING SOURCES (USES)											
Transfers in	\$ 1,485,423	\$ 1,730,747	\$ 669,459	\$ 1,907,959	\$ 1,499,074	\$ 4,107,170	\$ 4,689,357	\$ 3,690,682	\$ 406,920	\$ -	\$ -
Transfers out	(1,485,423)	(1,730,747)	(669,459)	(1,907,959)	(1,499,074)	(4,107,170)	(4,689,357)	(3,690,682)	(406,920)	-	-
In-Kind Capital Contribution	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Capital Leases	1,142,555	-	-	-	826,985	-	-	-	32,267	-	-
Sale of Capital Assets	753,000	14,800	-	-	-	26,001	-	-	-	-	-
Impact Fees - Current Year Collection	31,783	25,185	167,015	50,966	25,779	31,354	33,579	32,080	4,661	-	-
Total Other Financing Sources (Uses)	<u>\$ 1,927,338</u>	<u>\$ 39,986</u>	<u>\$ 167,015</u>	<u>\$ 151,256</u>	<u>\$ 852,764</u>	<u>\$ 57,355</u>	<u>\$ 33,579</u>	<u>\$ 32,080</u>	<u>\$ 36,928</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances before special item	\$ 489,327	\$ (2,188,603)	\$ (374,221)	\$ (669,819)	\$ (401,633)	\$ 3,024,243	\$ 2,441,347	\$ 4,051,436	\$ 775,648	\$ -	\$ -
Special item	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 489,327</u>	<u>\$ (2,188,603)</u>	<u>\$ (374,221)</u>	<u>\$ (669,819)</u>	<u>\$ (401,633)</u>	<u>\$ 3,024,243</u>	<u>\$ 2,441,347</u>	<u>\$ 4,051,436</u>	<u>\$ 775,648</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service as a percentage of Noncapital expenditures	5.03%	1.83%	2.22%	1.41%	0.00%	0.10%	0.10%	0.64%	0.26%	-	-

Note: Cottonwood Heights city incorporated in January 2005

Beginning Fund Balance 6,658,398
Ending Fund Balance 7,147,725

COTTONWOOD HEIGHTS STATISTICAL SECTION

REVENUE CAPACITY: CHART-5
Cottonwood Heights
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Assessment Year	ASSESSED "MARKET VALUE" OF PROPERTY					Less		Total		Assessed Taxable		Taxable	
		Residential		Commercial (2)		Total	100% Tax-Exempt Property (2)		Less Residential Exemption		Total Assessed Taxable Value		Value as % Fully Assessed	
													Total Direct	Rate
2013	2012	3,277,704,426	\$	879,727,447	\$	4,157,431,873	\$	123,927,645	\$	1,474,966,992	\$	2,558,537,236	61.5%	0.2522%
2012	2011	3,366,962,604		864,180,096		4,231,142,700		130,000,000		1,515,133,172		2,586,009,528	61.1%	0.2654%
2011	2010	3,462,644,784		868,364,470		4,331,009,254		135,000,000		1,558,190,153		2,637,819,101	60.9%	0.2586%
2010	2009	3,545,513,133		923,042,188		4,468,555,321		140,000,000		1,595,480,910		2,733,074,411	61.2%	0.2517%
2009	2008	4,091,052,684		1,036,929,851		5,127,982,535		160,000,000		1,840,973,708		3,127,008,827	61.0%	0.2399%
2008	2007	3,889,799,206		941,043,105		4,830,842,311		150,000,000		1,750,409,643		2,930,432,668	60.7%	0.2098%
2007	2006	3,159,022,555		822,051,567		3,981,074,122		125,000,000		1,421,560,150		2,434,513,972	61.2%	0.2220%
2006 (1)	2005	n/a		n/a		3,427,236,954		125,000,000		1,204,767,938		2,097,469,016	61.2%	0.2624%
2005 (1)	2004	n/a		n/a		3,342,866,461		125,000,000		1,172,032,187		2,045,834,274	61.2%	0.2624%
2004 (1)	2003	n/a		n/a		3,086,170,366		125,000,000		1,072,434,102		1,888,736,264	61.2%	0.2740%

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

(1) Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal

(2) Property that is 100% exempt from property taxes is estimated and included in Assessed "Market Values" - Commercial

COTTONWOOD HEIGHTS STATISTICAL SECTION

REVENUE CAPACITY: CHART-6
Cottonwood Heights
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ended June 30	Direct Rates				Overlapping Rates													
	Tax Year	Basic Rate	General Obligation Debt Service		Canyons School District (1)	Jordan School District (Old Debt)	Salt Lake County (countywide) (2)	Salt Lake County Library	South Salt Lake Valley Mosquito Abatement District	Central Utah Water Conservancy District	Cottonwood Improvement 'Sewer' District (3)	Cottonwood Heights Parks & Recreation Service Area (4)	Jordan Valley Water Conservancy District (5)					
			Total Direct (0)															
2013	2012	0.2522%		0.2522%	0.7111%	0.1307%	0.2793%	0.0627%	0.0021%	0.0455%	0.0244%	0.1203%	0.0443%					
2012	2011	0.2586%	-	0.2586%	0.6546%	0.1619%	0.2696%	0.0604%	0.0052%	0.0436%	0.0237%	0.1217%	0.0424%					
2011	2010	0.2517%	-	0.2517%	0.6540%	0.1520%	0.2593%	0.0583%	0.0050%	0.0421%	0.0229%	0.1058%	0.0410%					
2010	2009	0.2399%	-	0.2399%	0.5780%	0.1400%	0.2278%	0.0564%	0.0025%	0.0400%	0.0219%	0.1023%	0.0400%					
2009	2008	0.2098%	-	0.2098%	-	0.6150%	0.1731%	0.0492%	0.0022%	0.0286%	0.0193%	0.0901%	0.0384%					
2008	2007	0.2220%	-	0.2220%	-	0.6617%	0.1994%	0.0517%	0.0023%	0.0302%	0.0205%	0.0958%	0.0400%					
2007	2006	0.2624%	-	0.2624%	-	0.7347%	0.2371%	0.0617%	0.0027%	0.0357%	0.0244%	0.1009%	0.0353%					
2006	2005	0.2624%	-	0.2624%	-	0.8655%	0.2682%	0.0696%	0.0031%	0.0400%	0.0279%	0.1181%	0.0400%					
2005	2004	0.2740%	-	0.2740%	-	0.8856%	0.2816%	0.0733%	0.0033%	0.0353%	0.0289%	0.1219%	0.0392%					
2004	2003	0.2912%	-	0.2912%	-	0.8366%	0.2868%	0.0747%	0.0034%	0.0358%	0.0297%	0.1267%	0.0397%					

Source: Utah State Tax Commission - Property Tax Division

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

- (0) Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal
- (1) Local School District - Transitioned from Jordan School District to Canyons School District July 1, 2009
- (2) Salt Lake County - includes Health, Recreation, Flood and general countywide operations
- (3) Cottonwood Improvement 'Sewer' District serves approximately 98% of Cottonwood Heights, SL Suburban District serves the remaining 2%
- (4) Cottonwood Heights Parks & Recreation Service Area overlaps approximately 71% of the city boundary.
- (5) Jordan Valley Water Conservancy District overlaps approximately 8% of the city's boundary.

COTTONWOOD HEIGHTS STATISTICAL SECTION

REVENUE CAPACITY: CHART-7 Cottonwood Heights Principal Property Taxpayers Current Year and Five Years Ago

	FY 2013			FY 2008		
	Taxpayer	2012 Taxable Assessed Value	Rank	Percentage of Total Taxable Value	2007 Taxable Assessed Value	Rank
						Percentage of Total Assessed Value
	NOP Cottonwood (Cottonwood Corporate Center)	\$ 77,835,000	1	3.04%	\$ 79,005,300	1
	Old Mill Corporate Center (Offices)	74,328,500	2	2.91%	45,161,600	3
	RBCSU Realty, Inc. / Regence BlueCross/BlueShield	49,137,899	3	1.92%	46,597,651	2
	Fourels Investment Co. (Shopping area)	37,268,000	4	1.46%	45,910,100	4
	Pinnacle Highland Apartments	29,939,690	5	1.17%	29,908,945	5
	James Campbell Company, LLC. (Shopping area)	20,720,110	6	0.81%	25,998,420	7
	Santa Fe Apartments, LLC.	20,221,630	7	0.79%	25,568,770	9
	JSP Farms I, LLC	17,746,740	8	0.69%		
	Overstock.Com (Offices)	15,943,667	9	0.62%	27,909,560	6
	Park I Partners, LLC	15,589,600	10	0.61%	17,467,500	10
	Old Mill Building II LLC (Offices)				21,564,500	8
		\$ 358,730,836		14.02%	\$ 365,092,346	
	Total City Taxable Assessed Value	\$ 2,558,537,236			\$ 2,930,432,668	

Source: Salt Lake County Auditor

COTTONWOOD HEIGHTS STATISTICAL SECTION

REVENUE CAPACITY: CHART-8 Cottonwood Heights Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax		Collected within the Fiscal Year of the Levy		Total Delinquent Collections in Subsequent Years Classified in Tax YR		Total Collections to Date		Total Year-end Assessed Taxable Value		Assessed % of Assessed Market Value	Total Direct Rate	Original Budget Used to Set Tax Rate
	Levy for Fiscal Year	Fiscal Year	Amount Collected	Percentage of Levy	Amount Collected	Percentage of Levy	Amount Collected	Percentage of Levy	Taxable Value	Value			
2013	\$ 6,778,261		\$ 6,554,349	96.7%	\$ 109,724	98.3%	\$ 6,664,073	98.3%	\$ 2,558,537,236	61.5%	0.2522%		\$ 6,431,714
2012	6,681,842		6,420,677	96.1%	191,521	99.0%	6,612,198	99.0%	2,586,009,528	60.1%	0.2586%		6,437,173
2011	6,618,763		6,374,612	96.3%	179,833	99.0%	6,554,446	99.0%	2,637,819,101	60.0%	0.2517%		6,445,912
2010	6,522,478		6,216,140	95.3%	226,090	98.8%	6,442,230	98.8%	2,733,074,411	60.4%	0.2399%		6,423,917
2009	6,570,859		6,272,729	95.5%	257,817	99.4%	6,530,546	99.4%	3,127,008,827	60.8%	0.2098%		6,412,498
2008	6,540,141		6,339,067	96.9%	153,527	99.3%	6,492,594	99.3%	2,930,638,091	60.7%	0.2220%		6,363,928
2007	6,399,901		6,258,487	97.8%	117,670	99.6%	6,376,157	99.6%	2,434,513,972	61.2%	0.2624%		6,288,245
2006 (1,2)	3,581,808		3,485,526	97.3%	83,090	99.6%	3,568,616	99.6%	2,097,469,016	61.2%	0.2624%		5,503,759
2005 (1)									2,045,834,274	61.2%	0.2740%		5,605,586
2004 (1)									1,888,736,264	61.2%	0.2912%		5,500,000

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal

(1) City direct Property Tax collections first occurred in 2006-07 fiscal year. (Salt Lake County data estimated)

(2) City entitled to approximately 1/2 of Property Tax collections in 2006-07 fiscal year.

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEBT CAPACITY: CHART-9
Cottonwood Heights
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General		Special		General		Total Outstanding Debt	Percentage of Personal Income (2)		State Committee	
	Obligation Bonds (1)	Leases	Assessment Bonds (1)	Obligation Bonds	Business Type Activities	Calculated Population (3)		Debt Per Capita			
Governmental Activities											
2013	\$ -	\$ 1,142,503	\$ -	-	\$ -	\$ 1,142,503	0.097%		34,017	\$ 33.59	
2012	-	729,090	-	-	-	729,090	0.064%		34,068	21.40	
2011	-	955,676	-	-	-	955,676	0.082%		33,433	28.58	
2010	-	664,898	-	-	-	664,898	0.052%		35,407	18.78	
2009	-	826,985	-	-	-	826,985	0.066%		35,351	23.39	
2008	-	-	-	-	-	-	-	0.000%	34,954	-	
2007	-	10,048	-	-	-	10,048	0.001%		35,932	0.28	
2006	-	20,619	-	-	-	20,619	0.002%		35,835	0.58	
2005	-	31,500	-	-	-	31,500	0.003%		36,033	0.87	
2004	-	-	-	-	-	-	-	0.000%	36,200		
2003	-	-	-	-	-	-	-	0.000%	36,400		

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal
The City has no Business-type activities

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Chart 14

(3) Utah State Population Committee, US Census

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEBT CAPACITY: CHART-10
Cottonwood Heights
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Funds (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2013	\$ -	\$ -	\$ -	-	\$ -
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal Details regarding the city's outstanding debt can be found in the notes to the financial statements
Cottonwood Heights has never had any bonded debt.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (2) This is the amount restricted for general obligation debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Chart 5 for property value data.
- (4) Population data can be found on the Schedule of Demographic and Economic Statistics on Chart 14

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEBT CAPACITY: CHART-11 Cottonwood Heights Direct and Overlapping Governmental Activities General Obligation Debt As of June 30, 2013

Overlapping Government Unit	General Obligation Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Cottonwood Heights
(Debt repaid with property taxes)			
Central Utah Water Conservancy District	\$ 266,515,000	2.34%	\$ 6,248,742
Jordan School District (old debt)	117,632,700	16.90%	19,880,375
Canyons School District	145,980,000	16.90%	24,671,177
Salt Lake County - General & Library	242,555,000	3.59%	8,705,950
South Salt Lake Valley Mosquito District	-	5.36%	-
Cottonwood Improvement 'Sewer' District	-	43.77%	-
Cottonwood Heights Parks & Recreation Service Area	7,040,000	100.00%	7,040,000
Jordan Valley Water Conservancy District	186,658,973	0.15%	286,792
Subtotal, overlapping general obligation debt	966,381,673		66,833,036
City direct general obligation debt	-	100.00%	-
Total direct and overlapping general obligation debt	\$ 966,381,673		\$ 66,833,036

Sources: Salt Lake County - Comprehensive Annual Financial Report for 2012

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Cottonwood Heights. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEBT CAPACITY: CHART-12 Cottonwood Heights Legal Debt Margin Information June 30, 2013

	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Constitutional Limit										
General (4% Fair Cash Value)	\$ 161,297,275	\$ 164,045,708	\$ 167,840,370	\$ 173,142,213	\$ 198,719,301	\$ 187,241,909	\$ 154,242,965	\$ -	\$ -	\$ -
Sewer, Water (4% Fair Cash Value)	161,297,275	164,045,708	167,840,370	173,142,213	198,719,301	187,241,909	154,242,965			
Total 8% Debt Constitutional Limit	322,594,550	328,091,416	335,680,740	346,284,426	397,438,603	374,483,819	308,485,930			
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-			
Legal Debt Margin	\$ 322,594,550	\$ 328,091,416	\$ 335,680,740	\$ 346,284,426	\$ 397,438,603	\$ 374,483,819	\$ 308,485,930	\$ -	\$ -	\$ -
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%			

	Legal Debt Margin Calculations									
	Tax Years									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Valuation:										
Reasonable Fair Cash Value	\$ 4,032,431,873	\$ 4,101,142,700	\$ 4,196,009,254	\$ 4,328,555,321	\$ 4,967,982,535	\$ 4,681,047,733	\$ 3,856,074,122	\$ -	\$ -	\$ -
Debt Limit (8% of reasonable Fair Cash Value)	322,594,550	328,091,416	335,680,740	346,284,426	397,438,603	374,483,819	308,485,930			
Debt Applicable to Limit:										
General Obligation Bonds	-	-	-	-	-	-	-			
Less: Amount Set Aside for Repayment of										
General Obligation Debt	-	-	-	-	-	-	-			
Total Net Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 322,594,550	\$ 328,091,416	\$ 335,680,740	\$ 346,284,426	\$ 397,438,603	\$ 374,483,819	\$ 308,485,930	\$ -	\$ -	\$ -

Source: Finance Department

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements
Cottonwood Heights has never had any bonded debt, Incorporated 2005
Currently water and sewer services are provided by other special service districts

COTTONWOOD HEIGHTS
STATISTICAL SECTION

DEBT CAPACITY: CHART-13
Cottonwood Heights
Pledged-Revenue Coverage
June 30, 2013

Fiscal Year	Special Assessment Bonds				
	Special Assessment Collections	Debt Service			Coverage
	\$	Principal	Interest	\$	
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-

Note: The City has never issued Special Assessment Bonds
Cottonwood Heights incorporated 2005

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC: CHART-14 Cottonwood Heights Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	State Committee Calculated Population (1)	Median Age (1)	Per Capita Income (1)	Personal Income (in '000)	Education Avg Years of Formal Schooling (2)	K-12 School Enrollment (2)	Metro SLC, UT Unemployment Rate (3)
2013	34,017	37.20	\$ 34,601	\$ 1,177,022	14.6	4,502	5.0%
2012	34,068	37.10	33,559	1,143,288	14.6	4,845	6.0%
2011	33,433	37.00	34,902	1,166,879	14.6	5,133	7.6%
2010	35,407	36.90	36,421	1,289,558	14.5	5,416	7.1%
2009	35,351	36.80 *	35,621	1,259,238	14.5	5,588	5.9%
2008	34,954	36.70 *	32,395	1,132,335	14.5	6,160	3.4%
2007	35,932	36.60 *	32,500	1,167,790	14.5 *	6,123	2.8%
2006	35,835	36.50 *	32,983	1,181,946	14.5 *	6,133	3.4%
2005	36,033	36.40 *	29,321	1,056,524	14.4 *	6,265	4.9%
2004	36,200	36.30 *	27,597	999,011	14.4 *	6,590	5.2%

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal
* Estimated from US Census reports.

- (1) Utah State Population Committee, US Census
- (2) Local School District Census
- (3) Bureau of Labor Statistics - June FY

COTTONWOOD HEIGHTS STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC: CHART-15 Cottonwood Heights Principal Employers Current Year and Seven Years Ago

2013					2006				
Rank	Employer	Employees	Rank	Percentage of Total Employment	Employer	Employees	Rank	Percentage of Total Employment	
1	Jet Blue Airways Corporation	2,000-2,999	1	14.23%	Jet Blue Airways Corporation	*	1	*	
3	Overstock.Com Inc.	500-999	3	4.05%	Overstock.Com Inc.	*	3	*	
3	Regence BlueCross BlueShield of Utah	500-999	3	4.05%	Regence BlueCross BlueShield of Utah	*	3	*	
4	Canyons School District	290-644	4	2.48%	Jordan School District (pre-Canyons)	*	4	*	
5	Fusion Multisystems Inc.	250-499	5	2.02%					
10	Abeo Management Corp	100-249	10	0.91%	Professional Management Group (pre-ABEO)	*	10	*	
10	Canyon Culinary Inc (Porcupine Grill)	100-249	10	0.91%	Canyon Culinary Inc (Porcupine Grill)	*	10	*	
10	Cottonwood Heights Parks & Recreation Service Area	100-249	10	0.91%	Cottonwood Heights Parks & Recreation Service Area	*	10	*	
10	Dans Supermarkets Inc	100-249	10	0.91%	Dans Supermarkets Inc	*	10	*	
10	Extra Space Management Inc	100-249	10	0.91%	Extra Space Management Inc	*	10	*	
10	Gastronomy, Inc	100-249	10	0.91%	Gastronomy, Inc	*	10	*	
10	Home Depot USA Inc	100-249	10	0.91%	Home Depot USA Inc	*	10	*	
10	KR Acquisitions 1 LLC ET AL (Kern River Gas)	100-249	10	0.91%	KR Acquisitions 1 LLC ET AL (Kern River Gas)	*	10	*	
10	Kroger Group Cooperative Inc (Smiths Food)	100-249	10	0.91%	Kroger Group Cooperative Inc (Smiths Food)	*	10	*	
10	Mastercontrol Inc	100-249	10	0.91%	Mastercontrol Inc	*	10	*	
10	Navitaire Inc	100-249	10	0.91%	Navitaire Inc	*	10	*	
10	Savage Industries Inc	100-249	10	0.91%	Savage Industries Inc	*	10	*	
10	Target Corporation	100-249	10	0.91%	Target Corporation	*	10	*	
10	Real Time Staffing Services, Inc	100-249	10	0.91%					
Top Ten Principal Employers		5,040 - 9,875	39.52%						
All Reported Employers in City		12,023 - 25,367							

Source: Utah Department of Workforce Services
Cottonwood Heights incorporated in 2005, Fiscal Year 2006 is first complete year
* 2006 Data unavailable; Majority of 2013 employers were operational in 2006, No other top ten employers expected.
Cottonwood Heights does not maintain employer - employee data

COTTONWOOD HEIGHTS
STATISTICAL SECTION

OPERATING INFORMATION: CHART-16
Cottonwood Heights
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
Function										
General Government	16.23	16.11	15.11	15.52	14.77	15.10	13.23	11.00	10.12	
Public Safety										
Police										
Sworn Officers	36.50	36.25	35.25	34.50	33.00	2.00	-	-	-	
Non-Sworn	10.96	10.20	10.00	8.75	8.75	-	-	-	-	
Ordinance Enforcement	2.00	2.00	2.00	2.00	2.00	3.00				
Highways and streets										
Maintenance	4.65	4.00	4.20	2.00	2.00	1.00	1.00	-	-	
Community & Economic Development	5.17	4.54	4.00	3.15	4.50	4.50	4.50	5.00	3.00	
Total	75.51	73.10	70.56	65.92	65.02	25.60	18.73	16.00	13.12	

Source: City Finance / Budget department
Cottonwood Heights was incorporated January 14, 2005

COTTONWOOD HEIGHTS STATISTICAL SECTION

OPERATING INFORMATION: CHART-17
Cottonwood Heights
Operating Indicators by Function
Last Ten Years

	Fiscal year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
Public Safety										
Police:										
CHPD-Total calls for service	25,614	25,379	22,316	23,860	22,050	7,323	-	-	-	-
Homicide, Armed Robbery, Assaults w/Weapons	26	30	12	**	**	**	-	-	-	-
Clearance Rates	-	90%	92%	**	**	**	-	-	-	-
Assault, Burglary, Larceny, Vehicle Thefts & Rap	1020	995	966							
Clearance Rates	-	73%	55%							
CHPD-Number of arrests	1,329	1,270	1,015	990	933	22	-	-	-	-
CHPD-Number of DUI arrests	308	307	135	178	255	88	-	-	-	-
CHPD-Avg. Priority 1 calls response times	4:28	4:40	4:51	4:47	4:47	5:23				
SLCoSheriff-Avg. Priority 1 calls response times							6:47	6:40	-	-
Ordinance Enforcement:										
Animal involved calls for service	1,373	1,362	1,188	**	**	**	**	**	**	**
Ordinance violation citations issued	127	92	108	**	**	**	**	**	**	**
Fire:										
Number of fire calls	881	946	959	923	882	1,054	1,068	1,013	975	-
Number of medical calls	2,224	2,520	2,363	2,281	1,997	2,242	2,153	2,375	2,104	-
Public Works										
Number of closed excavation permits issued	223	229	274	429	177	236	225	167	15	-
Square feet of chip seal applied	556,500	476,050	651,489	1,159,335	-	889,561	680,531	-	-	-
Square feet of slurry seal / reclaimer applied	1,696,665	411,865	1,052,379	-	654,972	3,586,922	2,159,871	-	-	-
Square feet of overlay completed	541,755	477,367	524,549	275,298	315,201	454,810	664,727	-	-	-
Community and Economic Development										
Number of business licenses renewed	1,291	1,269	1,388	1,425	1,441	1,337	1,263	**	**	-
Number of new business licenses issued	154	167	163	154	214	269	260	**	**	-
Building permits issued	408	382	372	389	384	406	560	545	**	-
Number of building inspections	1,102	1,149	1,149	**	**	**	**	**	**	-
Square footage of new office space	-	232,000	-	-	-	-	-	-	-	-
Total square footage of office space	2,285,842	2,298,481	2,063,842	**	**	**	**	**	**	-

Source: Various City departments
**not available

COTTONWOOD HEIGHTS STATISTICAL SECTION

OPERATING INFORMATION: CHART-18
Cottonwood Heights
Capital Asset Statistics by Function
Last Ten Years

	Fiscal Year									
Function	2013	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004
General Government										
Number of general governmental buildings (leased)	1	1	1	1	1	1	1	1	1	
Number of storage buildings (owned/leased)	0/4	1/1	1/1	1/1	1/1	1/1	1/0	1/0	-	
Public Safety										
Number of Police stations (leased)	1	1	1	1	1	-	-	-	-	1
Number of Police substations (County owned) (1)	-	-	-	-	-	1	1	1	1	1
Number of Fire stations (1)	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	1,080	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123
Library (1)	1	1	1	1	1	1	1	1	1	1
Public Works										
Number of Public Works buildings / Yards	0/1	0/1	0/1	0/1	0/1	0/1	-	-	-	
Number of Street Lights	870	868	868	868	868	868	868	868	868	
Number of Lane Miles of Road	250	250	250	250	250	250	250	250	250	
Number of Intersections with Traffic Signals	32	32	32	32	32	32	32	32	32	
Miles of Storm drains	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.1	
Number of closed excavation permits issued	226	229	274	429	177	236	225	167	15	
Recreations and Parks										
Number of full service Recreation Facilities (1)	1	1	1	1	1	1	1	1	1	
Acres of City owned Parks	18.96	18.96	9.53	9.53	2.14	1.63	1.63	1.63	-	
Acres of non-City owned Parks (1)	117.25	117.25	117.25	117.25	117.25	117.25	117.25	117.25	117.25	

Source: City Finance / Budget department
Cottonwood Heights was incorporated January 14, 2005
(1) Owned by Salt Lake County or a Special District

